



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

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

Dydd Iau, 23 Mai 2013
Thursday, 23 May 2013

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Yn y golofn chwith, cofnodwyd y trafodion yn yr iaith y llefarwyd hwy ynddi. Yn y golofn
dde, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

In the left-hand column, the proceedings are recorded in the language in which they were
spoken. The right-hand column contains a transcription of the simultaneous interpretation.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Mick Antoniw	Llafur Labour
Yr Arglwydd/Lord Elis-Thomas	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Committee Chair)
Russell George	Ceidwadwyr Cymreig Welsh Conservatives
Vaughan Gething	Llafur Labour
Llyr Huws Gruffydd	Plaid Cymru The Party of Wales
Julie James	Llafur Labour
Julie Morgan	Llafur Labour
William Powell	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Antoinette Sandbach	Ceidwadwyr Cymreig Welsh Conservatives

**Eraill yn bresennol
Others in attendance**

Ceri Davies	Cyfarwyddwr Gweithredwol—Adran Gwybodaeth, Strategaeth a Chynllunio, Cyfoeth Naturiol Cymru Executive Director—Knowledge, Strategy and Planning, Natural Resources Wales
Natalie Hall	Rheolwr Strategaeth, Cyfoeth Naturiol Cymru Strategy Manager, Natural Resources Wales
Jennifer Ramsay	Swyddog Datblygu, Community Energy Scotland Development Officer, Community Energy Scotland
Dr Sarah Wood	Cyngor Ynni a Seilwaith Mawr, Cyfoeth Naturiol Cymru Energy and Major Infrastructure Advice, Natural Resources Wales

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

Alun Davidson	Clerc Clerk
Catherine Hunt	Dirprwy Glerc Deputy Clerk

*Dechreuodd y cyfarfod am 9.40 a.m.
The meeting began at 9.40 a.m.*

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

[1] **Lord Elis-Thomas:** We are now in formal session, taking evidence. I will introduce the session, as I always do, in the other official language. I am not sure whether you will get interpretation on the phone. I am told that you will.

**Ymchwiliad i Bolisi Ynni a Chynllunio yng Nghymru: Ymchwiliad ar ôl
Adroddiad—Tystiolaeth gan Community Energy Scotland
Inquiry into Energy Policy and Planning in Wales: Report Follow-up—Evidence
from Community Energy Scotland**

[2] **Yr Arglwydd Elis-Thomas:** Bore da i chi i gyd. Dylech glywed y cyfieithiad yn awr. Diolch yn fawr i Jennifer Ramsay am ymuno â ni y bore 'ma. Hi yw'r swyddog datblygu ar gyfer Ynni Cymunedol yr Alban. Yn dilyn y sesiwn flaenorol gydag Ynni Cymunedol Cymru ar fuddiannau cymunedol, roedd y pwyllgor yn awyddus iawn i ddysgu am y sefyllfa yn yr Alban. Rwy'n gwybod eich bod chi, Jennifer, yn gweithio ar ddatblygu cofrestr buddiannau cymunedol ynni adnewyddadwy i Lywodraeth yr Alban, ac yn cydweithio â chymunedau a datblygwyr i hybu arfer da. Roeddwn yn awyddus iawn felly i ofyn cwestiwn i chi am hynny. Fe ofynnaf y cwestiwn, o ran hwylustod, yn Saesneg; nid wyf yn siarad Gaeleg yr Alban chwaith.

Lord Elis-Thomas: Good morning to you all. You should therefore be hearing the interpretation. I thank Jennifer Ramsay for joining us. She is the development officer for Community Energy Scotland. Following our previous session with Community Energy Wales on community benefits, the committee was very eager to learn about the situation in Scotland. I know that you, Jennifer, are working on developing a register of community benefits in renewable energy for the Scottish Government, and are working with communities and developers to promote best practice. I was very eager therefore to ask you a question on that specific issue. I will ask the question, for the sake of convenience, in English; I do not speak Scottish Gaelic either.

[3] Could you give us a description of the organisation that you work for, in Community Energy Scotland, along with some of its history perhaps, and what specifically you are involved with, to give the committee a flavour of the activity that Community Energy Scotland undertakes?

[4] **Ms Ramsay:** Thank you. Community Energy Scotland was born out of the Highlands and Islands Community Energy Company in 2007. It was based just in the highlands, but it now covers all of Scotland. We have a network of development officers in 14 regional offices, helping communities to develop their own renewable energy projects. The main way at present in which we do that is under the Scottish Government community and renewable energy scheme, which mainly offers loan support to communities to develop their own projects. However, part of that scheme also includes support for communities in community benefit discussions from commercial development. So, the whole package is there from community-owned projects to joint ventures and externally owned projects. We are often involved in various other contracts and European projects, helping to improve community development and community capacity, and helping communities to have their own sustainable energy supplies, energy efficiency and so on. The current round of CARES is coming to an end at the end of July, so it is just under way at the moment. Do you want me to go into detail on the register?

[5] **Lord Elis-Thomas:** Carry on, please.

[6] **Ms Ramsay:** The register itself was added into the CARES contract in May 2012, so it has been running for a year now. It was identified as a need mainly to increase transparency in the field. Obviously, there are some difficulties for communities and developers, such as not really knowing what happens in other areas, so we, and the Scottish Government, identified it as a resource that needed to be publicly available. So, starting in May last year, we started to build this resource on our website. It now relies on voluntary contributions from developers and communities to log in and see what payments or in-kind benefits are given to the nearby communities and how that is defined. That has its own problems, in that if

developers or communities do not want to submit information, we cannot force them to, but it also has a positive side in that it is bringing out best practice. It is almost self-selecting, in that the schemes that have been working well are publicised on the register.

9.45 a.m.

[7] At the moment, I think that we have just upward of 90 entries, and we have got to that in about 10 months. So, it is steadily increasing, but it has been quite a lot of work to raise the profile of it and explain what we are trying to do. As I say, the main purpose of it is to increase transparency and show what is happening across Scotland, across developers, but it also gives communities ideas of what they can do with the funds and of what has worked and what has not worked so well in other communities across Scotland.

[8] We have around 2,500 MW of Scottish development registered at the moment. That is increasing; we have had a few more entries in the last few days. We have quite a range of projects registered at the moment.

[9] **Lord Elis-Thomas:** I should have explained at the beginning—although I am sure that it was explained to you when my colleagues discussed you giving evidence to us—that the point of this exercise that we are undertaking is to review the progress since we produced our major report six months ago. What interests us, in particular, is seeing how effective the Scottish initiatives have been. I am aware of a target of 500 MW of specifically community renewable energy, and this, presumably, you regard as realistic and achievable by the date set at 2020.

[10] **Ms Ramsay:** Yes, I think so. I think that that is very much supported under the CARES loan scheme that I mentioned earlier. There are pre-planning costs and support for communities to develop wind projects mainly. There has been good uptake of that over the last year. Then there is further support post-planning. It is a difficult process, so the more support that is there for communities the better. It is a slow process, but we are definitely getting there and seeing a steady uptake of the loan scheme. I think that we are definitely positive about achieving the 2020 target, but it will be a tough journey to get there. The loan scheme is definitely a step in the right direction to achieving that.

[11] **Lord Elis-Thomas:** Thank you very much. I now invite Antoinette Sandbach to ask her questions.

[12] **Antoinette Sandbach:** Thank you, Dafydd. Jennifer, could you give us an approximate time frame that there is for community energy projects being built? What sort of delays are there in the system? Are there delays? That is my first point. Secondly, are your loans made as loans in order to make sure that those schemes can get European funding, and that they are not disqualified under any European criteria from accessing alternative sources of funding?

[13] **Ms Ramsay:** With regard to delays, I guess that it varies hugely, depending on the projects. One of the biggest problems is that projects are reliant on volunteer resource. So, a project can sit for six months because the community may not have the time and the effort to put into it. I think that that is a huge problem. Also, there are planning delays. Those are probably the main two that will hold up the projects. I do not think that I could say what the usual timescale is because it varies hugely. We had one project recently that had spent 10 years trying to get to commissioning. So, it can take up to 10 years.

[14] The loans are provided as pre-planning loans. If the project does not receive planning permission, that loan will be written off, so they do not have to repay it. If they do have to repay it, I think that they have 10 years to pay back the loan. I am not too sure about the

European funding, so I would not want to comment on that.

[15] **Antoinette Sandbach:** Okay. So, given your target of 500 MW, how much has actually been built during the time that Community Energy Scotland has been running?

[16] **Ms Ramsay:** I should know that, but I am afraid that I do not have an up-to-date figure on that. I could provide it later, but I am afraid that I do not have that to hand.

[17] **Antoinette Sandbach:** If you could provide that later, that would be really helpful for us.

[18] **Lord Elis-Thomas:** Any additional information that you want to provide via e-mail after this conference call will be very welcome. We now turn to Mick Antoniw.

[19] **Mick Antoniw:** Good morning. I am quite interested in the register of community projects. I was wondering why you have chosen to bring in a voluntary register with all of the problems associated with that? Why not go for a statutory register?

[20] **Ms Ramsay:** It is voluntary at the moment, but I do not know whether it will stay like that. It does bring out the best projects. If developers have schemes that they feel have worked well, then it is free publicity for them to put the schemes on the register. We may not want the older projects or the less well paying projects to be on there. If they are not promoting best practice, then we may not want to be advertising them. So, mainly, it is because we want to retain the flexibility around community benefits and we want to keep that room for innovation in order to let developers decide what is best for them. We want the whole field to still be quite voluntary, not tied down and enforced. We are developing good-practice guidance over the next couple of months and it is likely that the outcome of that will be that the Scottish Government strongly suggests that all projects should be on the register as part of good practice. That may at some point be enforced, but I am not sure.

[21] **Mick Antoniw:** So, is it the case that you do provide some sort of supportive role, almost like an advocacy role, in support of communities where developments are taking place in order to try to bring forward the best kind of community support, or to ascertain what it is that communities actually want? Is that a specific part of your role?

[22] **Ms Ramsay:** Yes, we do not write development plans for communities, but we would, for example, point them to other organisations that might do that. We are very much in the middle, between the communities and the developers, and we try to help with the communication and negotiation between the two, rather than fighting on one side or the other. Everybody is trying to achieve the same thing, so it is a case of us trying to improve that communication and to help everybody to work towards the same goals.

[23] **Mick Antoniw:** I am putting you on the spot, but could you give us an example of some of the best-practice packages that are coming through, just as an indication of what developers are now considering to be good practice in terms of support or payback into communities?

[24] **Ms Ramsay:** For example, a big part of it is that we say that developers should be involved in working out what the purpose of the fund is going to be. They should not be putting limitations on the fund spends, but they should make sure that the community has a clear plan for what they will be doing with their funds, particularly for the bigger projects. So, good practice might be that the developer funds a development plan for planning very early on in the process, so that, if that income does start coming into the community, the community has that development plan in place and knows exactly what it wants to achieve with the funds. Other good practice would be speaking with the community to work out what

the best mechanism would be for delivering the funds. There is a project in Ayrshire that has the local social enterprise delivering the funds. Early on in the process, it said that it wanted to align with the local economic development plan. The developer was very happy with that, so any projects that are now funded have to fit with the goals of the local economic development plan. Both the local community and the developer see that as a really successful project, having had that discussion early on about how it was going to be administered and what the funds were going to be focused on.

[25] **Mick Antoniw:** Thank you very much.

[26] **Yr Arglwydd Elis-Thomas:** Llyr sydd nesaf, cyn inni droi at Julie Morgan a William Powell. **Lord Elis-Thomas:** Llyr is next, followed by Julie Morgan and William Powell.

[27] **Llyr Huws Gruffydd:** Diolch yn fawr iawn, Gadeirydd. Mae gennyf ddi-ddordeb yn natur y cyngor a'r gefnogaeth yr ydych yn eu rhoi i gymunedau, oherwydd, pan ydych yn gweithio gyda chymunedau, mae gofyn gwneud tipyn o waith buddsoddi i ddatblygu capasiti yn y gymuned i ddatblygu prosiectau o'r math hwn. Cymeraf eich bod yn darparu tipyn o gyngor ar ffrynt cynllunio, ffynonellau cyllido, a rheoli prosiect pan mae'n dod at adeiladu ac ati. Liciwn i gael gwell syniad am y rôl yr ydych yn ei chwarae ar hyd y continwwm hwnnw, i ddeall pa mor rhagweithiol yr ydych wrth adnabod y cymunedau y byddai ganddynt ddi-ddordeb—neu a ydynt yn dod atoch chi?—hyd nes y bydd y prosiect yn gorffen a'r ynni'n cael ei gynhyrchu. Liciwn i gael disgrifiad o'ch ymwneud chi ar hyd y daith honno o safbwynt y gymuned. **Llyr Huws Gruffydd:** Thank you very much, Chair. I am interested in the nature of the advice and support that you give to communities because, when you work with communities, that requires a fair amount of investment in developing capacity in the community to develop projects of this type. I take it that you provide a lot of advice on planning, funding streams and project management when it comes to construction and so on. I would like to have a better idea of the role that you play along that continuum, to understand how proactive you are in identifying the communities that would be interested—or do they come to you?—right through until the project is complete and the energy is being produced. I would like a description of your involvement throughout that journey from the perspective of the community.

[28] Hefyd, efallai y gallech roi syniad i ni ba feysydd yr ydych yn dueddol o dreulio'r rhan fwyaf o'ch amser arnynt yn cefnogi'r gymuned. A oes meysydd, fel materion cynllunio, yr ydych yn ffeindio eich hunain yn ffocysu'n fwyfwy arnynt? **Also,** perhaps you could give us an idea of on which areas you tend to spend most of your time in supporting the community. Are there some areas, such as planning matters, on which you find yourselves focusing more and more?

[29] **Ms Ramsay:** Is that specifically in relation to wholly community-owned projects?

[30] **Llyr Huws Gruffydd:** Yes, please.

[31] **Ms Ramsay:** I am probably less qualified to talk about that. I can talk more generally, however, about the bits that my colleagues are involved in. Generally, it would be communities coming to us, and, hopefully, they will have an idea that they want to have some income coming into their community and they will have the idea that renewable energy is the way to achieve that. It is normally at that stage that they would come to us, or they would hear from somebody else that renewable energy could help them to get that income coming in. The CARES loan process is quite straightforward, in the sense that we have a stage 1 application and a stage 2 application, and we can take them through the process, as there are certain criteria at each point that they will need to meet. So, there is quite a clear process for them to

go through.

[32] We are involved quite closely all the way through the process. However, the loan scheme has only really been in place for a year, so we do not have any projects that are much further down the line. Before the loan scheme, we had the CARES grants scheme, which gave out grants for smaller scale projects, and we are still involved with a lot of those projects and the after-care monitoring of them. So, we do have a very close relationship with the communities. Often, they will go away and work on the project for a couple of months and then come back to us when they need support or are ready for the next stage of the application. Does that answer your question?

[33] **Llyr Huws Gruffydd:** Ydy, yn rhannol. Efallai y gallech sôn ychydig am ba fath o adnoddau sydd gennych o ran staff ac ati. A oes gennych dîm canolog, neu a ydych yn prynu pobl i mewn i ddarparu cyngor a chefnogaeth? Sut y mae'n gweithio ar yr ochr honno?

Llyr Huws Gruffydd: Yes it does, in part. Perhaps you could talk a bit about what resources you have in terms of staff and so on. Do you have a central team, or do you buy people in to provide advice and support? How does it work on that side of things?

[34] **Ms Ramsay:** We have regional offices across Scotland, and, in each office, we will have one or two development officers for that area. We have one in Orkney and one in Shetland, and so on, right the way through Scotland. Any communities that get to the stage of having their initial idea will go to their local development officer, who will have a close relationship with that community. So, each development officer will know all the projects that are going on in their area. We often have networking events or telephone conferencing calls to bring together communities from across Scotland that are at a similar stage, when they have similar problems. Also, there will be a lot of communication between development officers to work out problems or issues that people have had in the past that are occurring again somewhere else in Scotland.

[35] **Llyr Huws Gruffydd:** Diolch. Fy nghwestiwn olaf yw: o'ch profiad hyd yn hyn, beth ydych chi'n meddwl yw'r elfennau sy'n sicrhau bod prosiect yn llwyddo? Beth, o'ch profiad chi, yw'r ffactorau sy'n golygu nad yw rhai prosiectau yn llwyddo?

Llyr Huws Gruffydd: Thank you. My final question is: from your experience thus far, what do you think are the elements that ensure a project's success? What, from your experience, are the factors that mean that some projects fail?

[36] **Ms Ramsay:** With regard to planning, do you mean?

[37] **Llyr Huws Gruffydd:** Nearly any aspects, really.

10.00 a.m.

[38] **Ms Ramsay:** I suppose that the main thing is that there really needs to be the passion in the community to take it forward. Without that, it is never going to get off the ground. With projects for which the community needs to raise finance, they need to put in a huge amount of effort, often in their spare time. The main thing is that you need to have a couple of people or a small group of people who are really dedicated to taking it forward. Usually, that will mean that they are dedicated to bringing income into their community and achieving change in their community. When they know that that is the end goal, there are much clearer socio-economic outcomes from it at the end of the project as well. It is also much easier for a community to get behind a project when people know why it is happening and they can see what the benefits are going to be.

[39] **Julie Morgan:** Good morning. Following on from Llyr's questions, do you see

yourselves as having an educative role in local communities?

[40] **Ms Ramsay:** Are you asking whether we have an educative role?

[41] **Julie Morgan:** Yes.

[42] **Ms Ramsay:** Yes, I suppose so. We could probably do more of that. At the moment, we are probably a lot more reactive than proactive, and we have enough interest coming in. However, a lot of communities definitely still feel that this is something that they could never achieve, and we are now getting to the stage where projects are coming to completion and we can go to new communities and say that this is something that can be achieved. It can be a difficult path, but it is something that communities can do, and it can transform their local areas. So, I think now we are getting to the stage of being able to showcase case studies and encourage communities to take forward their own projects.

[43] **Julie Morgan:** The other question that I wanted to ask was about your relationship with the Scottish Government. How would you describe that relationship?

[44] **Ms Ramsay:** We have quite close contact, both in the community benefits field and the community ownership field. The CARES programme is a Scottish Government programme, so it adapts quite regularly, and certain elements will be added in as and when issues arise. Certainly, our CEO has a lot of contact with the Scottish Government in working out the best way of taking the programme forward.

[45] **Julie Morgan:** Do you see yourself as completely independent from the Scottish Government, however?

[46] **Ms Ramsay:** Yes, we are an independent Scottish charity, delivering a Scottish Government programme. We have a strong working relationship with the Government as a result of that programme.

[47] **Julie Morgan:** Right. Thank you.

[48] **William Powell:** Good morning. I want to ask whether you have had any experience to date of working up sustainable transport schemes in local communities that involve harnessing renewable energy generated through, say, small-scale anaerobic digestion or hydro schemes, which are another important way of bringing the potential benefits of renewable energy to a wider audience of users.

[49] **Ms Ramsay:** Yes, that is something that we are looking into. We have just bought four electric vehicles for a development trust in Orkney under the innovation and infrastructure fund, which is again part of the CARES programme. Under that IIF project, we are looking at a few more transport schemes. We just got the electric car a month ago, so that is quite a new project, but it seems to be going really well there, and it is something that we are definitely looking into for elsewhere as well.

[50] **William Powell:** The Cairngorms National Park Authority was fairly active early on, with a couple of pilot projects on battery vehicles. One merit of that approach is that it uses energy generated locally for local needs, rather than it being exported further afield.

[51] **Ms Ramsay:** In relation to the projects on Orkney in particular, where there are a lot of issues with grid constraints, there is a lot of scope to use the energy locally rather than facing curtailments. So, yes, there is definitely a lot of scope there.

[52] **William Powell:** Has that extended to the field of hydrogen vehicles as yet? I am

aware that there is some development planned in Wales in that regard. Have you had any involvement at that level, taking things a step further?

[53] **Ms Ramsay:** We are thinking about it. There is nothing concrete as yet, but it is definitely in the plans.

[54] **William Powell:** In that connection, have you had any involvement in rolling out the infrastructure required for battery vehicles in terms of recharge points, which would be essential to making it a realistic means of transport over any distance?

[55] **Ms Ramsay:** Not yet; it is still quite early days. I am not too sure what the situation is in Orkney with the cars there. The IIF project is looking at all that, but it is very early days.

[56] **William Powell:** I have one final question regarding funding. You clearly benefit from quite a generous level of support for your work from the Scottish Government and other sources. Have you had any involvement to date with Scottish credit unions? In Wales, we have some individual examples of good practice such as Robert Owen Montgomeryshire Credit Union Ltd in my region, which has been active in this field. Given the relative strength of credit unions in Scotland, that would potentially be a useful initiative.

[57] **Ms Ramsay:** To my knowledge, we have not. I do not know that we have done that, but, potentially, we could.

[58] **William Powell:** It may be one to look at. Thank you very much.

[59] **Ms Ramsay:** Yes, thank you.

[60] **Lord Elis-Thomas:** Julie James is next, then Russell George.

[61] **Julie James:** Thank you, Chair. Good morning, Jennifer. I wanted to ask how you came to be established. Our briefing paper just says that 'you were established', as if you were generated out of mid-air. Was it a group of like-minded people who came together? Was there an impetus from the Government? How did that happen?

[62] **Ms Ramsay:** The Highlands and Islands Community Energy Company came out of Highlands and Islands Enterprise. It was the energy branch of Highlands and Islands Enterprise for a couple of years, then it branched into community energy and separated into an independent charity in 2007. Initially, there were three people in the energy branch of Highlands and Islands Enterprise. Then, those three founded the independent charity and it has just grown since then. That was about 10 years back. About two months ago, it had existed for 10 years, starting off in Highlands and Islands Enterprise. There has been 10 years of community energy, anyway.

[63] **Lord Elis-Thomas:** I am getting very excited now, because I remember visiting the Highlands and Islands Development Board 30 years ago. Clearly, the activity goes back right to the original attempts to stimulate community development in those days in the highlands. Sorry to interrupt, Julie.

[64] **Julie James:** I was just interested to see how that had happened and how we might, if we wanted to, establish something similar in Wales. I wondered whether you were just a bunch of highly-motivated people or whether you had grown out of a programme of some sort. So, thank you for that.

[65] My other question is nothing to do with that; it is about the social enterprises that you support. You have talked a little bit about the communities coming to you with an idea and

then trying to fund it out of renewable energy. Do you give them all of the advice needed to establish the appropriate enterprise around that renewable energy? How does that happen?

[66] **Ms Ramsay:** It depends on the individual circumstances. Often, they will come to us when they are already formed into a community group. Then, as a group, they identify renewable energy as a viable project. It really does depend. There are certain services that we cannot provide, and we can either tender on our website for them—for consultancy services or something—or we can point them in the direction of other companies that may be able to help. It really just depends on their specific needs. With community benefit projects, it is slightly different because it will often just be individuals or community councils that do not necessarily want to be involved but have it thrust upon them, compared with community-owned projects that are driven by the desire in the community.

[67] **Julie James:** In the community-owned projects that you are talking about, do they normally turn into social enterprises or do you link them up with known private developers who are interested, or is it a mixture?

[68] **Ms Ramsay:** To date, it has mainly been that they remain as a social enterprise or a development trust as their own community organisation—it will be a wholly community-owned project. We are pushing for more joint-venture projects. We are encouraging developers to consider working with communities and vice versa. That seems to be quite difficult, just because both sides can—[Inaudible.] It has not been done so much to date but we are seeing a few more getting under way, so it is definitely something that we are trying to encourage.

[69] **Julie James:** Thank you for that. My last question is slightly different. Do you cover all kinds of renewable energy, or are you focusing on particular types?

[70] **Ms Ramsay:** We cover everything, but it has changed a bit over time, depending on what funding is available or what incentives are available. We have done a lot with the CARES grants scheme that I mentioned earlier, which funded a lot of smaller scale biomass and wind projects, and solar, thermal and photovoltaic projects. Now, it is more about slightly larger scale wind and hydro projects. We are certainly involved in looking into all technologies.

[71] **Lord Elis-Thomas:** The final run of questions comes from Russell George.

[72] **Russell George:** Good morning. When Llyr asked you about possible delays or obstacles to taking forward a project, you mentioned that it was often to do with lack of community support. Could you expand on issues with the planning process in obtaining answers from the relevant statutory bodies that you have to deal with in the planning process?

[73] **Ms Ramsay:** I am probably not qualified to talk about that in detail. I have not been involved directly with taking projects through that process. Sorry; I am probably not—

[74] **Russell George:** That is fine. Most of my questions were around that issue, so I will leave that. On community engagement, how do you get communities excited about a project? How do you go about getting the community support that you would desire for a project?

[75] **Ms Ramsay:** With community-owned projects, they have to be focused on what the project is going to achieve. So, if there is a development plan in place, the community has often identified a need for something or wants to combat depopulation or encourage economic growth—they have identified that something is needed in their community and that this is the way to do it. It is almost a case of getting the community behind the idea for economic growth rather than getting the community behind the idea of the turbine itself. The turbine is the way

to achieve the community's needs. When the community can see it that way round, it is a lot easier for people to understand why the project is there and to support it. A joint venture project was launched by Nicola Sturgeon last week or two weeks ago, which focused on delivering on the local town charter. It had five or six clear outcomes that it was going to be achieving with the income, and it is then a lot easier for the community to see why it is being involved in the project and why it is being built.

[76] **Russell George:** How do you engage with opposition to projects?

[77] **Ms Ramsay:** Do you mean with individuals who are against a project?

[78] **Russell George:** Yes: individuals, groups or sections of the community that are against a scheme.

10.15 a.m.

[79] **Ms Ramsay:** I suppose that we can only do our best to provide information and be open to communication as early as possible. There will always be people who are opposed to a scheme, but we would encourage communities to be open and transparent and have as much communication as possible, as early as possible. At the end of the day, you cannot change people's minds, but if you can show them that you are doing something for the benefit of the wider community, that is all you can do. The joint venture project that was launched a couple of weeks ago has some opposition in the area, and you are never going to get over that, I suppose, but you just have to do your best to be open and transparent.

[80] **Lord Elis-Thomas:** I am going to give my party colleague the last word, to show that I am completely impartial. I call Llyr.

[81] **Llyr Huws Gruffydd:** Russell has more or less asked the question that I was going to ask. Given that you come across communities that are divided on potential renewable energy projects, do you see your role in a community development context, in trying to appease the concerns that people have and, in doing so, promoting renewable energy, or do you merely come in to deliver a service when asked to do so by a community?

[82] **Ms Ramsay:** I would say more the former. We want to promote renewable energy, and we want to show communities the benefits that that can have in their local area. We are not going to get into a fighting match with anyone, but we are very keen to push forward the renewables agenda. So, we go a little further than just providing the services that the community may have asked for. We do not engage in much direct dialogue with anti-wind groups, for example, but if a community asked us to come to a community consultation to be involved in those conversations, we would be happy to go along to explain what we are trying to achieve.

[83] **Llyr Huws Gruffydd:** You mentioned quite a few times the economic driver for the local community. Do you see that as the main selling point when it comes to promoting renewable energy within communities? Is that the element that sells it, more than others? Is that the element that you use to promote it?

[84] **Ms Ramsay:** I suppose that it depends on the individual community, but, often, I would say so. It is about the socioeconomic benefits in the local area, and having a sustainable way of delivering those. For a community, it is usually that way round, rather than really wanting renewable energy first and then trying to think of something to do with the money. I guess that it is more that way round with community benefit payments from commercial developers. In those projects, you often see the community struggling to spend the money, whereas with community-owned projects, there is always a lot more focus on

what the money is for and why they have the income coming in to the community.

[85] **Lord Elis-Thomas:** Thank you very much indeed, Jennifer. It is always salutary to speak with practitioners in Scotland, even if it does grate me a bit to have to admit that Scotland is ahead of us in this, as in some other matters. Thank you very much for your time, and goodbye up there in Aberdeen.

[86] **Ms Ramsay:** Thank you very much.

*Gohiriwyd y cyfarfod rhwng 10.19 a.m. a 10.32 a.m.
The meeting adjourned between 10.19 a.m. and 10.32 a.m.*

**Ymchwiliad i Bolisi Ynni a Chynllunio yng Nghymru: Ymchwiliad ar ôl
Adroddiad—Tystiolaeth gan Cyfoeth Naturiol Cymru
Inquiry into Energy Policy and Planning in Wales: Report Follow-up—Evidence
from Natural Resources Wales**

[87] **Yr Arglwydd Elis-Thomas:** Bore da a chroeso unwaith eto i'r tîm o Gyfoeth Naturiol Cymru. **Lord Elis-Thomas:** Good morning and welcome once again to the team from Natural Resources Wales.

[88] Ceri, would you like to introduce your colleagues as we start?

[89] Carwn bwysleisio, wrth agor y sesiwn dystiolaeth hon y bore yma, mai'r hyn rydym yn ei wneud, fel y gwyddoch, yw edrych eto ar ein hadroddiad ar ynni ac yn benodol ar y datblygiadau sydd wedi digwydd ers ein hadroddiad fel pwyllgor ac ymateb y Llywodraeth. Fel roeddwn yn cychwyn dweud, un o'r pethau pwysicaf sydd wedi digwydd yw eich sefydlu chi. Roedd gan y pwyllgor hwn rôl arbennig yn craffu ar y ddeddfwriaeth a oedd yn sefydlu'r corff, felly roeddem yn falch o dderbyn y papur yn gosod y newidiadau mewn cydsyniadau cynllunio, yn arbennig, sy'n dechrau digwydd ers sefydlu'r corff newydd. Efallai y gallech amlinellu sut mae'r corff newydd yn dod ymlaen o safbwynt y materion cydsyniad cynllunio a rôl y corff fel ymgynghorai statudol ac yn y blaen.

I would like to emphasise, in opening this evidence session this morning, that what we are doing, as you will know, is looking again at our report on energy and particularly at the developments since our report as a committee and the Government response. As I was starting to say, one of the most important things that has happened is your establishment. This committee had a particular role in scrutinising the legislation that established the body, so we were glad to receive the paper that sets out the changes in planning consents, especially, that are starting to happen since the establishment of the new body. Perhaps you could outline how the new body is getting on from the point of view of planning consent issues and the role of the body as a statutory consultee and so on.

[90] **Ms Davies:** I will introduce my colleagues. Natalie Hall and Dr Sarah Wood have joined me today. First of all, thank you very much for giving us the opportunity to give evidence to the sustainability committee, particularly on our role in terms of energy policy and planning. As you will be aware, we have a new purpose as Natural Resources Wales, namely to ensure that the natural resources of Wales are sustainably maintained, enhanced and used now and in the future. In particular, in terms of the inquiry today, I wanted also to alert you to the fact that the Minister, in his remit letter to us, has asked us specifically to look in the first year at what we can do to support jobs and enterprise, facilitating new business, which includes our providing high-quality services, including a one-stop shop for businesses and improved handling of case work. In our evidence, we have tried to explain a little bit, and we will embellish that today in terms of what we have done.

[91] I thought that it might be worth just saying something, almost two months in with the organisation, about some of the successes that we have had. Our incident response capability has been tested very early on with the severe weather and the issue of fallen stock. There has been work for us with regard to carcass disposal. We have had slurry spills and, last week, we had some flooding in south-west Wales, which was the result of some heavy, localised rainfall. Our incident response capabilities stood that test.

[92] We have instituted a customer service centre as part of our response to the one-stop-shop element that everybody was keen for us to establish. Staff there now deal with 250 calls a day. We have our website up and running, with guidance for businesses, developers and environmental bodies, to provide information, help and support on how they can access the various aspects that we are involved with, be it through our role as a statutory consultee, or through our role in permitting, which follows planning generally.

[93] We were asked particularly—this is important with regard to this inquiry—to establish a single voice for our regulatory services and also for consultations and planning and development control. We have that in place and we are dealing with applications that are coming in to our customer service centre and then responding with a single-voice response from Natural Resources Wales. We have set in place the integration that we need to get to that point. My colleagues in the organisation are working together to develop that.

[94] We have also established a permitting centre in Wales, and that is working well and dealing with permits for Wales for Natural Resources Wales. It has successfully picked up the new roles of marine and wildlife planning, permitting and licensing, which are roles that came to us from the Welsh Government. I thought it worth highlighting some of the relevant things that we put in place for day 1 and beyond while we are in this first year of the organisation.

[95] On the cultural side of things, there is a real appetite, I am pleased to report, among the staff to really move forward on the integration and to really look for the opportunities for us to help to deliver the new elements to our purpose in supporting the use of the environment in a sustainable way, and the jobs and enterprise element. We have also set up a team within the business to look at enterprise opportunities and at what we can do as an organisation to help people in terms of our own land management holdings, to make use of those in a sustainable way. The enterprise team is looking across a vast range of opportunities, and specifically at energy and renewable energy opportunities. Again, we can touch on that later.

[96] To finish off, our regulatory and statutory roles are in relation to permitting facilities, and they range from nuclear power stations right down to hydropower schemes. We are a statutory consultee in the planning process, concerning specific applications and also the more strategic elements, such as local development plans, spatial plans et cetera. We have a duty and responsibility for designated sites. If there are activities that might impact on those, then we have a role in terms of consent. Also, we provide advice and guidance to business pre and during the application process, and we also provide advice and guidance to the Welsh Government and other organisations, such as local authorities. Again, as I just mentioned, in our enterprise role, we are now a landowner or landholder on behalf of the Welsh Government, and we facilitate and enable projects on that land.

[97] **Yr Arglwydd Elis-Thomas:** Diolch yn fawr am hynny. Gan fod y pwyllgor wedi bod yn craffu ar y rheoliadau a sefydlodd y corff, efallai y byddai o ddiddordeb i ni gael clywed gan eich cydweithwyr a chithau, Ceri, am union ystyr y teitlau ardderchog sydd gennych, a beth yr ydych yn ei wneud yn y **Lord Elis-Thomas:** Thank you for that. As this committee has been scrutinising the regulations that established the body, it may be of interest to us to hear from your colleagues and from you, Ceri, about the exact meaning of the excellent titles that you have, and what it is that you do in those posts

swyddi hynny o ddydd i ddydd. Rwy'n sylwi, Ceri, eich bod yn cael eich disgrifio fel y cyfarwyddwr gweithredol gwybodaeth, strategaeth a chynllunio. Natalie yw'r rheolwr strategaeth, ac mae Dr Sarah Wood yn cynghori ar ynni ac isadeiledd mawr. Pe byddech yn gallu esbonio i ni sut yr ydych yn gweithio o ddydd i ddydd yn y rôl, mi ofynnwn wedyn i William Powell ofyn y cwestiynau cyntaf.

on a daily basis. I note, Ceri, that you are described as the executive director of knowledge, strategy and planning. Natalie is the strategy manager, and Dr Sarah Wood advises on energy and major infrastructure. Perhaps you could explain your day-to-day work in that role, after which I will ask William Powell to ask the first questions.

[98] **Ms Davies:** Okey dokey. My role is to provide advice and guidance from my directorate to the business of Natural Resources Wales, so supporting the operational teams in the delivery of their roles, by setting the framework within which we work, our ambition and our future challenges and role. My team will work with the Welsh Government on public policy and its ambitions, which are very wide and varied. Then, what we do in my directorate is to translate that into how we will do our element of the delivery of that public policy that is being developed.

[99] I am also responsible, within my directorate, for the knowledge element of Natural Resources Wales which is about bringing together the evidence and the science, and turning that into useful and helpful information both for the business and for developers, businesses, stakeholders and the Welsh Government. We are responsible for using that evidence and advice to help and support the Welsh Government in the development of its future policies and strategies. The planning element is around bringing that together in terms of the ambition of the organisation, through developing the corporate plan and the business plans that will aim to deliver our functions within Wales. I will now ask my colleagues to outline their specific roles.

[100] **Lord Elis-Thomas:** That would be very helpful.

[101] **Dr Wood:** I sit within Ceri's knowledge strategy and planning directorate. I am working mainly on major infrastructure and energy projects, as part of that overarching role. A lot of the external focus, as Ceri has mentioned, is about using our evidence and our knowledge and experience to influence policies and approaches in liaison with both Government and developers, and also to recognise those opportunities and to influence those working internally on individual projects. It is a kind of in-and-out role.

[102] **Lord Elis-Thomas:** Thank you.

[103] **Ms Hall:** I am Natalie Hall. I am a strategy manager, focusing specifically on hydropower. I am looking at bringing the work of the three organisations together, so that we have a single voice for hydropower. I also look at what more we could do to streamline our permitting process for hydropower developers. I look at what strategic work we might do to facilitate hydropower, which we can perhaps touch on a bit later. I look specifically at the responses to the recent consultation on flow and abstraction standards and reviewing guidance for developers to help them design schemes that reflect the needs of the environment.

[104] **Lord Elis-Thomas:** This is music to my ears. You will know the area that I represent, where I live and work. In the old days, of course, there would have to be three permits or permissions from a certain national park, another certain agency and another natural resources body. This is wonderful. Keep doing it. William Powell?

[105] **William Powell:** Good morning. I wanted to start by picking up what Ceri said earlier about the importance of the role of NRW as a land manager. Could you expand a little

on how the role of managing the land, for which you are the custodian, is being kept, in practical terms, at arm's length from the consenting process, so that all members of the community and all stakeholders have confidence in the way that that is being handled?

10.45 a.m.

[106] **Ms Davies:** Yes, I am happy to do that. The enterprise team, which is leading on our land management work and the opportunities that that gives, sits within a separate directorate. So, it reports to the director of national services, Trefor Owen, who heads up that directorate. The way that we work is to try to facilitate sustainable opportunities, and then for that team to work with the developers—we are not the developers—to look for the best opportunities to achieve the outcomes in Wales. So, it looks at using our land area and at what the environmental needs might be. It will then work with the developer to help them through the process of operating agreements, for want of a better word, to look at what the opportunities are, and provide advice and guidance to them. It will seek advice and guidance from the knowledge strategy and planning element of the business, which will give advice on any particular sensitivities or conservation issues, and provide that support so that it can help the developer to come forward with good sustainable options. That type of close working relationship works well during the pre-application phase.

[107] When we come to the point when a developer puts in an application, that is when we need to be very clear about the separation of duties. That is when the application is assessed, with advice and guidance of my team. We will look at the application very much in the open forum, as we would for any developer's application. All of our decisions are recorded and made public through decision documents, so that we can assess the application without there being a potential for conflict of interests, as some might see it. The decision that is taken on whether or not the development goes forward will be subject to a decision document that is publically available, and which sets out the reasons for the decision.

[108] **William Powell:** That is very helpful. You referred earlier to the importance of the enterprise aspect within the organisation. You will be aware that in the weeks and months running up to the creation of NRW, there was a degree of concern about the forestry sector. The Minister in his recent statements has been very proactive in promoting the cause of forestry. However, there is potential for real tension between larger scale onshore wind applications and the loss of forestry land. In relation to major onshore schemes, what account is taken—and I am thinking about the recent Brechfa decision and the other one that is in the pipeline—of the need to allocate sufficient additional land to replace the lost forestry, given our future needs and the need for long-term planning because of the very nature of forestry?

[109] **Ms Davies:** In terms of the way that the land is used, we tend to follow a keyhole way of doing it. That means taking out the forestry activities within the defined area that is needed for, for example, windfarm development. We would then actively look for compensatory forest areas of equivalent size elsewhere in the immediate area to reduce the impact. We just utilise the land area that is required, with access roads just into that area. The assessment of the forest area that is being lost through that type of development would require compensatory areas to compensate for that loss.

[110] **William Powell:** Thank you. Moving to other aspects of planning, you will be aware that the predecessor bodies had rather different reputations with regard to the timeliness of the advice that was forthcoming, particularly on larger applications. What is being done to ensure that NRW raises its game to try to provide the best practice from the three predecessor bodies? I have had quite frequent cases coming to my regional office where individuals have had concerns about last-minute major objections being delivered on the last day or the day before the last day of a major planning consultation, particularly by the Countryside Council for Wales. I would like to have some reassurance as to what is being done to promote best

practice, as opposed to the other practice.

[111] **Ms Davies:** If I start, perhaps Sarah can add a bit of detail on this. I think that one of the key messages that I would give—and we are working with the Welsh Government economic team and with the developers themselves—is that of early engagement. If we are involved right upfront in terms of the selection of sites, for example, rather than involving Natural Resources Wales once sites have been selected and secured and then you are at the stage of wanting to put in the application, we can demonstrate that having early discussions, where we bring to the table the sort of evidence, advice and knowledge that we have about the sensitivities of the environment, will mean that there is less likelihood or need for us to object through the process. We will have shared the information, and developers can then take that into account in terms of site selection, the way that they design their application and what mitigation they might need to put in place. So, we are working with the business and economy team in the Welsh Government to look very far forward at the discussions they are having and then going into those discussions so that we can say, ‘We understand that you are looking at these areas and this is the evidence that we can bring’. Perhaps Sarah can add to that.

[112] **Dr Wood:** We are in a phase of interim processes where we have taken these major steps forward. We can provide one single-voice response, but we are also designing internal processes at this point. These are interim, but they enable us to have a good foundation with that single voice while looking forward and taking on board comments that have come, for example, from a recent Hyder report and other reviews, so that we can build in the future, beyond this interim phase, a more streamlined approach that captures those concerns. So, we are taking steps along the process, but we are reviewing and developing further forward.

[113] **William Powell:** That is helpful. Thank you.

[114] **Mick Antoniw:** I would like to move on to the hydro issues which, I suppose, is directed towards you, Natalie, if that is okay. I am particularly interested in the river flow issue. You will be aware that that is an issue that we have considered for some time, and, of course, there is a review under way. I wonder what the state of that review is and when there is likely to be a recommended outcome to it.

[115] **Ms Hall:** The consultation on flow and abstraction standards for hydropower closed on 2 April. We are now reviewing the responses that we received from those expressing an interest in Wales. As you are aware, it was an Environment Agency consultation, on which we will now make a decision in NRW. We received 560 responses, and it is fair to say that there was a split opinion. The consultation included four options, one of which was the current approach that we use in Wales; another was the approach used in Scotland; another was the approach that we use for all other consumptive abstractions; and then there was a fourth option, which was a bit of a mix of them all. Forty-seven per cent of people favoured the least precautionary approach, while 41% favoured the most precautionary approach and, in fact, did not think that that was precautionary enough and that the options did not include one that protected the environment sufficiently. So, we are now faced with looking at the details of those responses and the evidence that people provided. We will come to a decision later in the year because we want to look at the significance of each option for the environment protection and to balance that against energy generation, potential and benefits for local communities.

[116] **Mick Antoniw:** I have a particular interest because of a hydro project in Treforest, within my constituency. One of the issues that concerned us is that it is all very well consulting and so on, but it was never clear to us the extent to which opinions were being formed on the basis of scientific evidence, empirical evidence and so on, and on the experience, I suppose, of long-standing practice not just in Wales, but in England and

Scotland. In coming to your conclusion, to what extent is there a clear scientific base in respect of the various options?

[117] **Ms Hall:** This consultation is part of a wider review of our good-practice guidelines to developers, and that review is being undertaken to learn from operation and experience so far, by looking at some of the schemes that are already in. We are also looking at practices elsewhere because we are keen to learn from the way that others do things, and we are in touch with colleagues from the Scottish Environment Protection Agency, which is the regulatory body in Scotland. There is some uncertainty in the science showing the link between the amount of flow in a river and the impact that that has on ecology, but we are looking at the most current science, learning from operational experience and looking at what stakeholders have said and the information that they have provided. So, it will be a balance of science. We are also modelling the impact of the different options on flow. The science certainly demonstrates that it is important to protect the natural flow variability—the peaks and troughs in flow—and we are looking at how each of the options affects those different flow patterns.

[118] **Mick Antoniw:** When we come to conclusions, one of the problems in the past is that some of the evidence that we have had suggested that there was no evidential base for the flow-split policy. However, when your recommendations come through, there will be a clear scientific analysis that will be understandable as to the options you are heading towards. The difficulty we have at the moment is that we have understood these anecdotal explanations, but there has been no scientific or empirical basis that enables us to say, ‘Yes, we understand why this policy is in operation.’ In many ways, it seems that the current policy was almost a hereditary policy that had just followed on from one year to another.

[119] **Ms Hall:** The policy was based on the best available science at the time. The UK technical advisory group, established for the water framework directive, did some work on flow and ecology and the links between the two. That science has underpinned the whole of our abstraction policy, which is called the catchment abstraction management strategies/environmental flow indicator approach, and which is the approach we use for all our abstraction decisions. So, we will be looking at that. Some of the evidence will have to rely on expert judgment because the science is not perfect, but, as a new organisation, we will continue to learn from new information coming forward. However, we have commissioned an independent review of our existing approach as well, so we will consider that alongside all the other options. We are still awaiting the final report, but that has flagged this issue of the importance of maintaining the flow variability and not removing so much water that you get what we call a flat-line flow, which almost mimicks drought conditions in a reach.

[120] **Mick Antoniw:** Is any of that scientific analysis and research available now, or is it part and parcel of the process that you are conducting at the moment?

[121] **Ms Hall:** Some of that has already been published. We will certainly make reference to what has underpinned our decisions once we publish the decision.

[122] **Mick Antoniw:** It would be helpful, Chair, to see what there is, because the problem in the past was that no-one could produce any scientific analysis for us to consider. So, that would be helpful.

[123] **Ms Davies:** As Natalie has said, when we come to the conclusion, we will have looked at the evidence that people have presented to us. The important point of the consultation was that we were asking people to bring their evidence to the table if they had different evidence that they felt we had not considered, so that we could consider it in the round. In terms of the decision, we will make it clear by responding to that, and the responses then will be available on the public record for further scrutiny and consideration.

11.00 a.m.

[124] **Lord Elis-Thomas:** That would be a very good way of working. As you know, we pride ourselves in this committee in particular on relying on the latest scientific evidence in anything that we decide upon, because what is the point of trying to make public policy based on surmise or, worse still, on prejudice? As you are our main stakeholder out there and the main independent body in this area, we appreciate very much having that relationship with you. Anything that you can share with us is a big plus for the democratic scrutiny of public policy in Wales, if I can be so pompous on a Thursday morning, which brings me to Antoinette—not that you are pompous, Antoinette [*Laughter.*]

[125] **Antoinette Sandbach:** I would like to pick up on that last point, because I believe that option 2 in the consultation is the precautionary approach and option 1 is the Scottish approach.

[126] **Ms Hall:** Option 3 is the most precautionary, option 2 is the Wales approach and option 1 is the least precautionary.

[127] **Antoinette Sandbach:** My understanding is that, in answer to a recent request under the Freedom of Information Act 2000, Natural Resources Wales confirmed that the report that you have commissioned looks only at option 2 and not at option 1, which means that that report will naturally be biased towards the option that you have asked it to look at. Can you confirm whether or not you have asked it to look at option 1?

[128] **Lord Elis-Thomas:** Do not spoil it now—[*Inaudible.*]—for scientific objectivity.

[129] **Antoinette Sandbach:** Exactly, and that is why it is so important that the terms of reference of that research encompass both views, so that you get an independent scientific view from looking at the two options. You said that 47% have expressed an opinion on option 1 and 41% on option 2, I think.

[130] **Ms Hall:** It is true that the independent peer review was of the current practice in Wales. That was undertaken as a result of a commitment made by a previous director to the industry because of concerns expressed about the fact that it was developed over 20 years ago, and that it needed to be scrutinised against the best science. So, that is why that work was undertaken. That does not mean that that is the only option that we are considering. All four options remain under consideration.

[131] **Antoinette Sandbach:** I appreciate that it may have been commissioned by a previous director, but given that there is this new approach now and that you have not had the report yet, as I understood from your evidence earlier, would it be worth widening it out so that it looks at option 1 and looks at, for example, what has been happening in Scotland and at the scientific evidence? That would mean that you do not have a report that confirms or denies your current approach but looks at a far wider scientific base.

[132] **Lord Elis-Thomas:** These people do not have a current approach; they are in a new organisation. They cannot possibly have one, or, if you have, we are in trouble.

[133] **Ms Hall:** We obviously continue to receive permits that we deal with in the way that we have been doing to date. I think that I mentioned that we are keen to learn from what is done elsewhere. We are in touch with colleagues from the Scottish Environment Protection Agency, and I have the Scottish guidance with me. As I said, we are still looking at all of the options, but I will make some general points. There is some misunderstanding about the amount of water that you would receive under the Scottish approach, and I do not think that

talking about 100% of the water is not representative of what you would get under that regime. The SEPA guidance is heavily caveated; it directs developers to particular locations that are less sensitive. In the same way that we do, it seeks to protect the natural flow variability and to ensure that there is sufficient flow to allow the passage of fish for migration and feeding, and to give access to spawning grounds. So, there are a lot of commonalities between the two, but we are still looking at the detail, exploring it and learning what we can from it.

[134] **Antoinette Sandbach:** Turning to Ceri Davies, one of the big concerns that we had was about potential conflicts in the organisation. You have described how the economic directorate is looking at the opportunities, and you have talked about the internal consultation between the various directorates. What I am concerned about is: does that mean that your internal directorate has a substantial advantage over outside developers—that is, third parties—or is it a service that you are offering to third parties, as well to your own land management holdings? That is my first question.

[135] Secondly, where there is conflict—for example, between the EA and the CCW—of the Pembroke type, if I can put it that way, how is it logged and recorded? How is that information made available publicly? How can people see that there has been an internal conflict and how it has been resolved?

[136] **Ms Davies:** If I can, I will add to that, because it is a tad more complicated than that, as always, in that there is a third sort of area, which I did not describe earlier. In that area, we propose a policy or a plan that needs to be dealt with separately. A good example would be that we are coming up to the second cycle of the water framework directive river basin plans. We will put together the river basin plan and that then needs to be looked at in terms of a strategic environmental assessment. That element will be dealt with separately. That is the sort of legal functional separation that was required and raised by some organisations in terms of the setting up of the organisation, and that element is dealt with. So, my department, for example, will develop the river basin plan, and then a separate department in governance and audit will undertake a strategic environmental assessment to see whether it is a good and proper plan to go forward. That is the third sort of area of functional separation, just to complete the picture.

[137] The way in which we will deal with our own enterprise opportunities is the same as the way in which we would deal with external development applications. That is because our enterprise team will not actually be the developer; it will support the developers, and the developers will be the ones who submit the application following consultation, advice and discussion with our enterprise team, which will have been facilitating that in terms of the development on our land. So, that will be done in exactly the same way as somebody coming in to an area that is not on our landholding and it will be judged by us in the same way, going through the same level of scrutiny.

[138] The way in which we make that publicly available is that habitat risk assessments are publicly available through the process of application. Also, when we come to conclusions, we produce decision documents that set out the evidence that we have used and the decision that we have taken, showing why we have taken it one way or the other. Again, they are publicly available when we make our decision on whether or not we are going to award a permit, for example.

[139] **Dr Wood:** I will just come in on the advantages of an internal approach and the services offered to what is an external project. It goes back to what we were saying earlier about the importance of that pre-application discussion, be it with a project that is on NRW-managed land, or with a project that is coming forward from a completely external source. It is about the discussion to get the project in the best shape to then go through the consenting

process, and so we encourage that early discussion with developers, be it with an ‘internal project’ or with an external one.

[140] What we have done in setting up our single-voice approach in this interim phase is to identify an initial point of contact that those developers can use to come in to the NRW to get that kind of across-the-board view in those early pre-application discussions. So, ‘yes’ is the answer; they are getting the same service.

[141] **Antoinette Sandbach:** So, given that we know that a number of strategic search areas have been identified for windfarm development, are you being proactive and do you have habitat surveys, for example, that may be applicable to all, or to 50%, of those areas? Are you being proactive and saying, ‘This is what we have in those areas’, so that any developments that would go ahead in those areas, whether you own the land or not, would therefore need to deal with those concerns, or are you waiting for people to come forward with a plan or a proposal to develop? Given that your role is to manage our natural resources, how much data do you have on what you have, for example, in the strategic search area sites so that that is already publicly available, even before a discussion?

[142] **Ms Davies:** We are using the internal workforce, if you like, to pull together what we know about the sensitivity, or not, of those areas that are within our landholding. So, we are not just sitting back and waiting for someone to come forward and say, ‘We would like to develop in this area’. We are using our resources to pool our intelligence about which areas are more sensitive or less sensitive, and what they are more, or less, sensitive to. Also, for example, on the hydropower development on our landholdings, we are looking to provide that information in a spatial way so that people can come forward and see where there would be more sensitivity and less sensitivity, and therefore encourage people to come forward in those areas where they might find it easier to develop activities.

[143] **Ms Hall:** In 2009, we did some opportunities mapping for hydropower development, which showed river networks that might have a suitable flow and gradient for hydropower and that might sit above natural impassable barriers, so that the environmental damage would be less, but it also showed sites of high sensitivity as well. However, we can continue to refine that.

[144] **Ms Davies:** So, the point that we are trying to make is that we are being proactive, we are looking at our own land management to ensure that we are being an exemplar, if you like, in terms of providing information and advice that is gained from the evidence that is available and our own expert judgment to bring that together so that, when developers are looking at these opportunities, they can see where they may be easier or more difficult to achieve because of the sensitivities, because we have done that information gathering. It then goes a step further in terms of working with the Welsh Government’s economy team when they are talking to developers in speculative discussions, so that we can start to talk to them early, before they start to select land areas and are then committed to land areas, which could make it a more difficult, rather than a less difficult, process.

[145] **Antoinette Sandbach:** May I ask one final question?

[146] **Lord Elis-Thomas:** Yes, I am feeling very generous today, because I am enjoying what I am hearing.

[147] **Antoinette Sandbach:** The concern might come around the treatment of a potential developer of land that is not your own landholding, and the speed at which that goes forward and the speed of the consenting process, contrasted to your own landholding. What sort of monitoring process is there to effectively show people who are proposing to develop any form of renewable energy project in Wales that you are not putting yourselves at a competitive

advantage?

[148] **Ms Davies:** I absolutely understand where you are coming from. With regard to the opportunity mapping that Natalie talked about, we did not have any landholding as it was done by the Environment Agency in Wales previously. It looked at Wales in total, not just areas that might be coming in to Natural Resources Wales in future. So, we are trying to provide fairness and parity where we know that there are issues, whether they are on our sites or not, and are making that information publicly available. In terms of the speed of permitting, we have standards that apply across the board. Whoever the developer is and wherever they are coming from, we aim to permit within a four-month period of time and we apply that across the board.

[149] **Lord Elis-Thomas:** I have Julie James, Llyr Gruffydd, Vaughan Gething and Russell George who wish to come in. That should keep us going. Julie, I think that you were first in the queue.

[150] **Julie James:** I want to develop a little more around the pre-planning stuff that you were talking about. You said that you are welcoming to developers; so, you welcome them in to talk to you about, presumably, the structure of their environmental impact assessments and so on, and I presume that you give them some guidance about what you would expect to see in that when you are looking at it, when the consent comes in. Are you working with the local planning authorities with regard to that?

[151] **Ms Davies:** No, but there are regular liaisons between Natural Resources Wales and the local planning authorities, as there are with the Welsh Government, the Planning Inspectorate and others. So, some of that kind of talking about the general approaches is done in that way.

11.15 a.m.

[152] **Julie James:** What about on specific applications? I am desperately trying not to mention a specific major project in my patch, but if you have a technology being suggested that is new to Wales, is there some method of assisting local planning authorities? There is no reason why they should have expertise in something that has never been done in Wales before, for example. Are there arrangements to assist them in those pre-planning discussions?

[153] **Dr Wood:** In some cases it is, perhaps, an informal approach—perhaps that is the best way to sum it up. We have talked about bringing the three legacy bodies together and a lot of that joint working and discussion was happening already, so that there were links with external organisations, particularly for new developments, and that expertise and learning from what was happening in England or offshore were also coming in. It comes back to this sort of team Wales approach. When we came to the committee last time, as CCW and the Environment Agency, we talked about the joining together of some of that knowledge, policy and understanding in this sort of delivery board. We are obviously aware that this new group, the strategic energy delivery group, has been set up and will meet soon. It is about that shared knowledge and experience. So, particularly around the big projects, that probably does happen more, but perhaps it happens more informally and it is about those existing relationships with the local authorities, Government or others.

[154] **Julie James:** Say, for example, that it is an energy project that will be consented at a UK level, is that still happening around some of the more localised planning concerns that still exist? So, if you have an offshore wind installation being proposed, for example, is any work being done with the local planning authorities there?

[155] **Dr Wood:** Again, that sort of board or collective approach is happening. If you look

at something like the Anglesey energy island approach, where there are a number of major infrastructure projects, including onshore and offshore coming together, you will see that there are groups in those discussions about the issues or the collective approach, be it the consent mapping or the interdependencies, and you will see that that involves Natural Resources Wales, the Welsh Government and local authorities. That then brings in experience from other bodies elsewhere in the UK.

[156] **Julie James:** To develop that a little bit, if you encounter regulatory regimes that continue to be contraindicative of developments, do you have a way of feeding into the Welsh Government or the European Parliament about the effect of some of those regulations? In particular, we had a very good trip to the anaerobic digester that Welsh Water has in Cardiff docks the other day, and we had a rather nerdy discussion about the waste regulations. However, one of the issues, as I understand it, is the contrast between the food waste regulations and the sludge waste regulations and the fact that—as far as I can make out with my limited research—the way that the European directive has been transposed into British law means that they are held separately, whereas in Europe you can mix the two flows together and get a better digested product that is not then caught by the waste regulations, which would be the case in Britain.

[157] **Dr Wood:** I do not know the specific details, but—

[158] **Julie James:** I was not looking for you to be an expert in the waste regulations, but I was wondering, when you encounter that sort of thing in a project, do you have a route to flag up that the regulations are causing a difficulty? That is more the question.

[159] **Dr Wood:** As a general principle and approach, in being in that sort of slightly externally focused position, but also understanding and gaining the experience from the internal kind of operations of individual projects, we are in an excellent position to be able to discuss, influence and talk with local authorities, the Welsh Government or the UK Government, perhaps, about barriers and issues and to work collectively. There are a number of these sorts of externally facing fora where these issues are raised. It is like saying, ‘Okay; there is a specific issue here on that project’, and then someone saying, ‘Actually, that is happening here’; so, there is that kind of collective approach, which is one of the reasons why we are really pleased about the set-up of this new strategic delivery group.

[160] **Ms Davies:** I would like to add something because I have been involved in some of the discussions about the specific example that you raised. Taking this to a more generic level, we have looked at breaking this down into two facets. We have asked whether there is something about how that legislation has been transposed in the UK—or how we are dealing with it—that is putting those barriers in the way. Also, we have asked whether there is, therefore, something that we can do for ourselves, working with Welsh Government or within the organisation. I can give examples of where we have done that, in relation to a whole range of things. In cases where the output from a facility that is dealing with waste—whatever that facility is—is turning it into another material that could be used that reaches the same standard as a comparable material that is produced through a non-waste process, we can come to the conclusion that that is where waste legislation needs to end. These are cases where there is no difference between something that is produced through a non-waste process and a waste process. We have done that work with the support of Welsh Government and UK Government, in terms of what we can do for ourselves.

[161] In relation to generic examples of waste streams into anaerobic digestion, it is quite a complex picture, because it brings into play not just whether or not you can comply with legislation, but whether or not local authorities would be able to use the facilities and still meet their recycling targets. That is another issue that involves discussion with us on whether, environmentally, it is a sound process. Then, it is about whether there is a way to work with

the local authority to ensure that it has the confidence that it can be counted in that way. We look at this on the basis of what we can do ourselves. Then, we put in place formal mechanisms. Composting is a really good example of this. If it meets a certain standard, we can say, 'That is it; it is the same standard as non-waste-derived compost, so it is a marketable material'. We ask whether the legislation introduced in the UK needs to be tweaked in some way because we have put a perverse outcome in the way of achieving good environmental outcomes. We ask whether or not there is a clear way to deal with an issue just within the UK or within Wales, and we then have discussions with other European countries to see how they are dealing with it. These are very rarely issues that will only be felt in Wales or the UK.

[162] Coming back to Natural Resources Wales, the good thing about the fact that we are now a Wales body in the fullest sense is that we have a seat at the table of the European environmental protection agencies. So, we will now have links, on a quarterly basis, to talk directly with the heads of all of those organisations across Europe about the issues that we are experiencing, how we are dealing with them, how they are dealing with them and how they have dealt with them. It is about common European legislation, and about how those countries have been able to deal with it. I went to a meeting just two weeks ago at which we shared some really important things around using citizen science and so on. That was an opportunity that was not really open to us previously. That is a really good outcome for us in being able to look at this wider picture.

[163] **Julie James:** That is really good news. I would like to raise a small supplementary issue. Based on what you said, I take it that this means that we can have reference projects for cutting-edge technology from across Europe. For ages, one of our frustrations has been that we have artificial rules around reference projects all being British. So, you have to have someone who will build something on spec in order to make a reference project, so that you can get commercial stuff off the ground. That happens right across the renewables sector.

[164] **Ms Davies:** We have a direct link into Europe, so we can take from what has been learned elsewhere.

[165] **Lord Elis-Thomas:** That is very good news. We now turn to Llyr and then Vaughan. Russell can then take as much time as he likes.

[166] **Llyr Huws Gruffydd:** Hoffwn fynd yn ôl a'ch holi ymhellach ar ynni dŵr. Roeddech yn dweud yn eich papur ac yn eich ateb blaenorol y byddai penderfyniad yn cael ei wneud ar hollti llif ac ar yr ymgynghoriad yn hwyrach yn 2013. Byddwch yn ymwybodol bod hyfywedd nifer o brosiectau yn ddibynnol ar y penderfyniad hwnnw. Byddwch hefyd yn ymwybodol am y newid a fydd yn digwydd o ran sefyllfa'r tariff cyflenwi trydan ar ddiwedd y flwyddyn, mewn perthynas â hydro. Felly, mae pwysau amser, mewn gwirionedd, o ran gwireddu peth o'r potensial sydd gennym yng Nghymru. A allwch chi fod ychydig yn fwy penodol ynglŷn â phryd rydych chi'n meddwl y bydd penderfyniad? A ydym yn sôn am cyn yr haf, ar ôl yr haf, ynteu a fydd hi'n tynnu at ddiwedd y flwyddyn?

Llyr Huws Gruffydd: I would like to go back and question you further on hydropower. You said in your paper and in your previous answer that a decision would be made on flow splitting and on the consultation later in 2013. You will be aware that the viability of many projects is dependent on that decision. You will also be aware of the change that will happen in terms of the feed-in tariff at the end of the year, in relation to hydropower. Therefore, there is some time pressure, in truth, in terms of realising some of the potential that we have in Wales. Can you be a little more specific about when you expect a decision to be taken? Are we talking about before the summer, after the summer or towards the end of the year perhaps?

[167] **Ms Hall:** I am aiming for a decision by the autumn. It is worth saying that, in the

meantime, we continue to receive a significant number of applications. I will quote some figures to give an indication of the interest in hydropower in Wales and how it has increased over the last few years. In 2009, we received only eight pre-applications—the discussions that we have before the formal application comes in, to make sure that the applicant has a clearer indication that the scheme is likely to progress and be successfully determined. That number rose to 58 in 2010, 79 in 2011 and 94 in 2012. We expect more than that this year. That is based on the existing approach. Developers can continue to apply while we are reviewing our guidance and approach, and they are still applying. That said, I recognise the industry's concerns, particularly given the reduction in the feed-in tariff that will occur at the end of the year, which I understand is triggered by the rate of development. We need to consider thoroughly the responses that we have received and make a considered decision. Also, as NRW, we have new duties that we need to consider—some nature conservation duties—and we need to ensure that our approach considers those and takes the whole environment into account.

[168] **Llyr Huws Gruffydd:** Rwyf am droi at y canllaw arfer da sy'n cael ei adolygu; rydych wedi cyfeirio ato. A allwch chi sôn am y cynnydd sydd wedi bod yn y gwaith hwnnw a'i statws? Rydym wedi derbyn tystiolaeth yn y pwyllgor sy'n awgrymu ei fod yn agored i ddehongliad gwahanol gan wahanol swyddogion. Mae hynny wedi bod yn un mater o gonsŷrn i'r diwydiant.

Llyr Huws Gruffydd: I want to turn to the good practice guidance that is being revised; you have referred to this. Can you talk a bit more about the progress of that work and its status? We have had evidence in the committee that suggests that it is open to interpretation by different officials. That has been one matter of concern to the industry.

[169] **Ms Hall:** That guidance aims to give developers the information required so that they can factor in the needs of the environment when they put proposals forward. That review is still ongoing. By the autumn, we hope to have reviewed that guidance. As we continue to review it, we have published interim guidance on weirs, how we deal with competing schemes, fish migration and that sort of thing. In terms of interpretation, that guidance covers low-head schemes, which are schemes in lowland areas or those on-weir schemes where water is returned very close to where it is abstracted. Many of the schemes that we get in Wales are high-head schemes in upland reaches, where the water is taken out and runs alongside the river and is returned 1 km to 2 km downstream. So, it is a completely different situation and it has a completely different impact on the environment. At the moment, that guidance does not include how we would deal with those schemes.

[170] The way in which we have done that in Wales is through our Wales scoring approach—that is, water abstraction licensing based on the ecological sensitivity of a particular water course. It is the approach that we are using now that we have consulted on. We consulted on four different ways of doing it and we will come to a decision on that later in the year. The way we use that scoring is to help us to make a local decision. In all parts of Wales, we are making site-specific decisions based on the best available science and the best local expertise, to come to a decision on how much water is acceptable for an abstractor to have without causing damage to the environment. I accept that, in some parts of Wales, we are coming to that local decision slightly differently, but it still relies on local expertise and the best evidence.

11.30 a.m.

[171] We obviously want to move as quickly as possible to a consistent approach across the whole of Wales. Since we knew that we were going to have a consultation, we decided not to make a change now but to await the outcome of the consultation. Otherwise, we could have made a change and then changed the approach again, which would have led to even more uncertainty for developers.

[172] **Llyr Huws Gruffydd:** Rwyf am ddod yn ôl at y siop-un-stop i fusnesau roedd Ceri yn sôn amdano ar y dechrau. A yw hwnnw'n rhywbeth rydych yn ei hyrwyddo'n rhagweithiol yn allanol, ynteu a yw'n wasanaeth rydych yn ei gynnig pan fydd pobl yn dod atoch? Yn aml iawn, mynd at y rhai nad ydynt yn manteisio ar hynny sydd angen ei wneud.

Llyr Huws Gruffydd: I want to come back to the one-stop shop for businesses that Ceri referred to at the beginning. Is that something that you are proactively promoting externally, or is it a service that you offer when people come to you? Often, what needs to be done is to target those who do not take advantage of that service.

[173] **Ms Davies:** It is a service that we are now proactively promoting, to bring things in through our customer contact centre so that we can bring together the relevant expertise and provide that single response. That is our way of working, and it has been our way of working from day one. As I mentioned earlier, 250 calls a day are coming into that service. That is the feedback that we are receiving, but we will keep asking people out there whether they are aware, are they getting through and are they experiencing that one-stop-shop service. That is certainly our intended and proactive way of working.

[174] **Vaughan Gething:** I would like to move on to the subject of unconventional gas. We have had some evidence on that in the past. I am especially interested in your current view on the technical planning advice available in Wales. Do you think that that is adequate? The Government has said that it is a precautionary principle and they expect that that is how planning authorities will deal with it. Do you think that what we have is adequate, or do you think that we should revise the planning guidance, as is being done in England? It is worth noting, of course, that the UK Government is much more positive about wanting unconventional gas extraction to take place.

[175] **Ms Davies:** In terms of the way in which we are dealing with unconventional gas, we clearly have a role. At the moment, we are in the exploration phase as opposed to the exploitation phase. However, in both of those, we have a role in terms of advice around the impacts on the environment and things like groundwater aquifers. Even though we are in Wales and we will deal with any applications in Wales for exploration, the important thing is that we are also part of the UK and that we continue to work very closely with colleagues in England, Scotland and Northern Ireland—particularly in England, in this case, because there have been further developments up in Morcambe bay. Therefore, we are using the network of regulators that we have to work together to share our experiences around where more guidance is needed for potential developers. We will then bring that back into Wales if we need to change anything and we need specific areas to be covered. The important thing is to continue to work together to get the best outcomes for Wales and to continue to work with the Environment Agency, the Coal Authority and all the other regulators. When I was here last time, I mentioned that it is quite a complex area, involving lots of regulators looking at different elements. It is really important that we come together as regulators to ensure that we can speak with one voice and give that advice to developers.

[176] **Vaughan Gething:** The problem may come in relation to what is the best outcome for Wales, because there will be different views on that. As well as internally, within Wales, there could be different views among different Governments across the UK. I am interested in this. For those of us who are instinctively uncomfortable, there are problems for us. The Cuadrilla drilling and the British Geological Survey suggest that there is not a significant problem in relation to the tremors that were experienced. That is a difficult problem, but that is the objective evidence that we have. The continuing area of major concern for me is groundwater and the chemicals that are used. When we took evidence on this, understandably, Friends of the Earth said that all sorts of unpleasant things are used in the United States that should not be used here. However, the people within Wales who have the licences were

saying, 'It's all safe'. You will not be surprised to hear that there are two different points of view. What is your role in terms of permitting, not just as to whether you would consent to certain forms of chemicals, but also, if a permit was given, what would your expectation be about following up on that to check what was happening? Would you check the impact of any particular project, even if we did not have such a project in Wales?

[177] **Ms Davies:** That is exactly what is being discussed at present, namely what sort of technologies they will seek to employ in Wales or elsewhere in the UK, and how we ensure that we carry out our role of protecting the very things that you identified. We know from experience that once groundwater aquifers are contaminated, a serious problem is caused that takes hundreds of years to resolve. Therefore, it is not a decision that we would take lightly. We would need to be convinced that groundwaters are being protected, and our efforts and our regulatory role is very much around looking at the operational activity and controls they would put in place and the sorts of chemicals that they would use. There are certain areas where we would start from the premise of not looking to allow consent if there are abstractions of water, for example. We call those source protection zones, and we would be very concerned if there were developments in those locations.

[178] So, in terms of moving that one forward and not stopping things from happening where it is okay for them to happen, the first thing that we are looking for is for the potential developers to map out where these opportunities might lie. We can then map out where the source protection zones are and where they would be really sensitive. In the meantime, we would undertake a thorough assessment and permits would be issued. There would be conditions within those permits that would require ongoing monitoring, assessment and reporting, so that the right checks and balances were in place to afford the protection that is our role to deliver.

[179] **Vaughan Gething:** Friends of the Earth told us that after the permit was issued in Morecambe bay, the Environment Agency had not done the follow-up monitoring. I know that you said that there would be follow-up monitoring. Would you expect the company to do the monitoring and share the results with you, or would you be doing your own independent monitoring, should anything like this be given consent in Wales?

[180] **Ms Davies:** It will be a combination of both. There will be elements of monitoring that we would expect the operator to take responsibility for to ensure that they are well in control of their process, and that they are doing sufficient monitoring to demonstrate and assure themselves and us that they are in control of their process. We would have access to all of that information, and we would interrogate it to ensure that we were looking for trends where things might not be right, or that their operation is not being properly undertaken. We would require specific environmental monitoring to be undertaken, which would be more about looking at the impact on the environment. We would also look at monitoring and sampling in areas of sensitivity to assure ourselves in terms of the wider environmental impacts.

[181] **Vaughan Gething:** One of your predecessor bodies undertook an environmental risk assessment for shale gas that was due to be completed in April of this year. I have done a quick search and I could not see that it is published or available on the NRW's website. Can you confirm that the work started by the then Environment Agency in Wales has been completed, and when can we expect to see its results shared with the public?

[182] **Ms Davies:** I cannot confirm that. I will follow that up and come back to you on that point.

[183] **Russell George:** Good morning. My questions are probably aimed at Natalie as they are on hydropower. With the creation of Natural Resources Wales, the concern is that there is

conflicting information coming from different sections of the organisation. A witness that we had a few weeks ago—this follows on from the questions that Llyr asked—said that his experience with regard to the Environment Agency was that different advice came out of different offices. I do not have the transcript in front of me, but my interpretation of that advice was that guidance was being made up on the hoof, if you like, by different offices and that different offices working within those departments were also coming up with their own guidance and interpretation. Constituents in my own area in Montgomeryshire have said, ‘Look, I’m dropping the development now; I am not carrying on’, because they have had different advice from different offices. They can see now that they are not going to be able to progress their development by the time the tariff changes at the end of the year. I think you answered to say that you agreed with that assessment. Is that right with regard to the different guidance from different offices of the previous Environment Agency?

[184] **Ms Hall:** What we aim to do through our regulating of hydropower is to ensure that a given type of scheme, in a given site in a given area, is designed and operated in a way that protects the environment. The way in which we achieve that is different in the south-east area than in other parts of Wales at the moment. That is the situation that we are trying to resolve through this consultation, namely to come up with the best approach to apply across the whole of Wales. However, while it is done slightly differently, a decision will be made that consistently gives environmental protection in whichever part of Wales you are working.

[185] **Ms Davies:** If I can add to that, this is the same across all the regimes that we regulate—they all require a site-specific assessment, and the site-specificity, if you like, will differ from location to location. In some locations, taking more or less water will not be a problem. We accept that one part of Wales was not using the guidance that the other two parts of Wales were in the previous organisation, but, having said that, it was not such a huge change in terms of approach because the requirements are that we look at the site-specific circumstances anyway. So, the guidance tells you, ‘This is the way to do it’, but site-specific issues and aspects of the development will need to be looked at to be able to come to a conclusion as to whether or not we could allow what the developer was offering.

[186] As Natalie said, we were faced with the prospect of knowing that we needed to consult upon a different approach and the issue of whether we brought the one area back in line with the rest of Wales, with the prospect of a consultation that might have changed it around again. On that basis, we have ensured that the officers are working—not perhaps in the way in which you described—site-specifically and taking the best evidence; they are looking at that and coming to their conclusions, albeit without changing the way in which we have imposed that guidance. That approach followed quite a bit of feedback from stakeholders and developers that they did not want to see a chopping and changing of the mechanisms that we use. So, we took the advice from the developers at the time, and their advice was, ‘Change it, but do it once for everyone’, as opposed to chopping and changing.

[187] **Russell George:** Part of the issue, however, is that a lot of developers are seeking advice and taking pre-advice but that advice is now changing. They may go to a senior officer and be given different advice again. That is the evidence that we have received, and that is the experience of a number of my constituents who are having difficulties with me—

[188] **Lord Elis-Thomas:** None of us have any difficulty with you, Russell. [*Laughter.*]

[189] **Russell George:** Not difficulties with me, but with the process.

11.45 a.m.

[190] **Ms Davies:** I will respond on that point. We have been given this fantastic opportunity in Natural Resources Wales to bring together all the people who are involved in

that decision-making process. That is exactly what we have done. So, we do not now have the prospect of having a conversation with Environment Agency Wales, but when it is taken on to the next stage, information might come in from another body that slightly changes the previous discussion. Natural Resources Wales now has all of those organisations with an interest within one body taking those decisions together, so that, from the outset, we have the same people around the table, which should mean that we get consistent advice coming through.

[191] **Ms Hall:** We provide developers with 45 days of pre-application advice, for which we do not charge. That gives developers an indication of whether their schemes are likely to be able to progress. However, sometimes there is a big gap between when we have those discussions and when the formal applications come in. So, new information or evidence can come to light during that period that might change our advice. Also, once we enter the formal application stage, some schemes are advertised and we get representations that raise new issues that we have to consider. So, while we can give developers as much information as we can at the pre-application stage, it is not a guarantee that what we indicate at that time will be the final outcome. While that is frustrating, we need to consider new evidence and the views of others who come forward during that formal determination process.

[192] **Russell George:** I have one last question. There is a degree of acceptance that the current situation is not really the appropriate place to be, with different guidance in different parts of Wales and different guidance coming from different offices. However, our witness a few weeks ago suggested that, with the feed-in tariff changing at the end of the year, it is all a bit too late, and if the current position does not change immediately—over these next few months—that will effectively mean the end of small-scale hydro investment in Wales. I think that that was what he was suggesting.

[193] **Ms Hall:** The figures do not seem to support that, given that year on year, we are getting a big increase in the number of applications that we receive. We expect probably an additional 80 schemes to come through this year as a result of the interest that we sought on development on land previously managed by Forestry Commission Wales, which NRW now manages—that is, the Welsh Government's woodland estate. So, we are seeing a huge interest in development in Wales under the existing regimes. That is all I can say; the figures do not seem to suggest that Wales is closed for business.

[194] **Ms Davies:** We hear what you are saying and we will make sure that we undertake proper consideration of the responses as quickly as we can to try to help settle the situation.

[195] **Julie Morgan:** I have a very quick general question. You have referred to these 250 calls that you receive every day. Have you analysed those to see from which sectors they are coming to give us some idea of where the most emphasis is?

[196] **Ms Davies:** I do not have that information at the minute, but we can—

[197] **Julie Morgan:** I think that it would be very interesting to know how it is broken down.

[198] **Ms Davies:** Yes. We can certainly look into that for you. The key message that we give to all our staff who are out and about is not to just assume that everything is working well, but to be proactive and ask everyone whom they deal with what their experience is. We are new and it is a new service. We need to learn from the feedback that we get and proactively seek it. So, we can provide you with that breakdown.

[199] **Llyr Huws Gruffydd:** I want to pick up on your point that there is an increase in the number of applications coming in for hydro. To what extent do you think that that might be

driven by the tariff and the fact that time is running out in relation to taking full advantage of the tariff? Do you think that it is likely that, post 31 December this year, we might see that, all of a sudden, a lot of those projects are not viable?

[200] **Ms Hall:** If people are reaching the pre-application stage now—I think that I said earlier that schemes take a long time to reach the formal application stage—that suggests that, in two years' time, those schemes might reach the formal application stage, which is beyond that date, but you would have to ask developers, really.

[201] **Lord Elis-Thomas:** At the risk of sounding like a sycophantic fan of your organisation, it has been a very useful session for all of us, and it is great to see things working in a new and positive way. We will follow you with interest, as they say, and that is not a threatening 'follow'. [*Laughter.*]

[202] **Ms Davies:** Thank you for your support and for inviting us today.

[203] **Yr Arglwydd Elis-Thomas:** Diolch **Lord Elis-Thomas:** Thank you.
yn fawr.

[204] Cyn cloi'r cyfarfod, dylwn fod wedi nodi absenoldeb Joyce Watson ac rwy'n ymddiheuro am beidio â gwneud hynny ar y dechrau. Rwyf hefyd yn cadarnhau ein bod yn derbyn y papur rydym newydd fod yn ei drafod. Diolch yn fawr iawn.

Before closing the meeting, I should have noted the absence of Joyce Watson, and I apologise for not doing that at the outset. I also confirm the receipt of the paper that we have just been discussing. Thank you very much.

Daeth y cyfarfod i ben am 11.51 a.m.
The meeting ended at 11.51 a.m.