



House of Commons  
Welsh Affairs Committee

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**Energy in Wales -  
follow-up inquiry:  
Government Response  
to the Committee's  
First Report of Session  
2007–08**

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**Second Special Report of Session  
2007–08**

*Ordered by The House of Commons  
to be printed 18 March 2008*

## The Welsh Affairs Committee

The Welsh Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Office of the Secretary of State for Wales (including relations with the National Assembly for Wales).

### Current membership

Dr Hywel Francis MP (*Labour, Aberavon*) (Chairman)  
Mr David T.C. Davies MP (*Conservative, Monmouth*)  
Ms Nia Griffith MP (*Labour, Llanelli*)  
Mrs Siân C. James MP (*Labour, Swansea East*)  
Mr David Jones MP (*Conservative, Clwyd West*)  
Mr Martyn Jones MP (*Labour, Clwyd South*)  
Rt Hon Alun Michael MP (*Labour, Cardiff South and Penarth*)  
Mr Albert Owen MP (*Labour, Ynys Môn*)  
Mr Mark Pritchard MP (*Conservative, The Wrekin*)  
Mr Mark Williams MP (*Liberal Democrat, Ceredigion*)  
Mr Hywel Williams MP (*Plaid Cymru, Caernarfon*)

### Powers

The committee is one of the Departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the Internet via [www.parliament.uk](http://www.parliament.uk).

### Publications

The reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the internet at :  
[www.parliament.uk/parliamentary\\_committees/welsh\\_affairs\\_committee.cfm](http://www.parliament.uk/parliamentary_committees/welsh_affairs_committee.cfm)

### Committee staff

The current staff of the Committee is Nick Wright (Clerk), Llinos Madeley (Committee Specialist), Christine Randall (Committee Assistant), Annabel Goddard (Secretary), Jim Lawford (Chief Office Clerk) and Rebecca Jones (Media Officer).

### Contacts

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# Second Special Report

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The Committee published its First Report of Session 2007-08, *Energy in Wales: follow-up inquiry*, on 11 December 2007. The response from the Secretary of State for Wales was received on 7 March and is published as an Appendix to this Special Report.

## Appendix

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### Overview

The Government is grateful to the Welsh Affairs Committee for its further conclusions and recommendations, particularly with regarding the future contribution of coal, including locally produced coal, to the electricity supply industry, and regarding the potential of a range of alternative and renewable technologies to make a growing contribution to the nation's energy needs.

Progress has been made in both of these areas since the Committee took evidence for this follow-up inquiry in January 2006. The Energy White Paper published in July 2007 set out a broad statement of Government policy on energy, and the Planning and Energy Bills now before Parliament both address points made in the Report.

The announcement in November 2007 about the competition for support for a post-combustion Carbon Capture and Storage installation to be in operation by 2014 should help to put the UK at the forefront of the development of a technology with the potential to enable coal-fired generation to maintain its role as part of a diverse, secure, affordable and reliable energy mix for the foreseeable future.

### Responses to conclusions and recommendations

**1. For reasons of reliability and flexibility it is sensible to ensure a diversity in the sources of supply of coal to the generating sector. Welsh-mined coal will continue to be an important component of this mix.**

**2. We are not convinced that alternative technologies will be able to produce sufficient electricity to fill an anticipated power generation gap of around 22 GW by 2015. Coal-fired power generation will continue to play a valuable and significant leading role. Consequently, UK and Welsh Assembly government should have a more positive policy approach, which recognises the continued critical importance of Welsh coal in filling the power generation gap at present and into the future. This is not, however, a reason to discourage investment in alternative and renewable technologies.**

The Government recognises that coal makes an important contribution to the UK's energy security and the flexibility of the UK's energy system, and believes that it can continue to do so provided that its environmental impact can be managed effectively. The availability of locally mined feedstock adds to the security, flexibility and affordability of the contribution coal-fired power stations make to the UK's electricity supplies, particularly in South Wales. The Government further believes that diversity of supply, including access to alternative and renewable energy sources, supports its energy security and affordability objectives.

**3. We believe that there is a good future for the coal mining industry in Wales, given the remaining large reserves of coal and the supply of highly skilled labour. We do not believe in the application of one, set distance for all "buffer zones" between mining sites and housing which would apply to all developments, as each case should be considered on its merits. However, mine owners and operators should take care to engage with local communities and local authorities and be sensitive to their reasonable health and environmental concerns.**

Minerals planning is a devolved issue and minerals planning guidance is therefore a matter for the Welsh Assembly Government. Nevertheless, the Government concurs with the Committee's conclusions on the need for mine owners and operators to engage with local communities and local authorities and be sensitive to their reasonable concerns.

**4. We are not convinced by the Department of Trade and Industry's description of open cast projects as 'transient'. We believe that in cases where areas of ancient woodland may be affected there is a very real possibility that areas of significant environmental importance – which cannot be re-created or transplanted – will be lost forever.**

Surface mines are transient in that the mine void normally moves rapidly across the site as it is progressively backfilled and the recreated surface is prepared for restoration. Surface features within the excavation zone are lost as part of this process unless they can be moved, possibly with a view to their reinstatement as part of the restoration process. The Government would encourage mine owners and operators, local authorities and local communities to engage constructively with each other to ensure that wherever possible, developments are designed to avoid disturbance to features of exceptional value which cannot be re-created or transplanted, such as historic monuments or sites of special scientific interest.

**5. We recommend that there is a role for Government in working jointly with industry in developing the potential for commercial extraction of coal bed methane, including joint funding for exploration, to establish the likely extent of this resource.**

BERR operates a hydrocarbons licensing regime (applying both on- and off-shore) which is open, transparent and attractive and which for many years has succeeded in attracting investment at all levels from around the world. CBM is subject to the same licensing regime, and a number of CBM-orientated companies already hold licences in the UK.

**6. We recommend that the Department for Business, Enterprise and Regulatory Reform work together with the Department for Communities and Local Government and the Health and Safety Executive [Department for Work and Pensions] to explore the future funding arrangements for the Mines Rescue Service so as to protect the extremely valuable work it undertakes and to avoid the disincentive to the coal mining industry of the imposition of a levy on the extraction of coal.**

DTI (as it was) has, through the Coal Authority, provided significant financial assistance to Mines Rescue Services Ltd in the recent past and along with DCLG endeavoured to facilitate opportunities for the firm outside its core activity. In the context of the Coal Forum, launched in October 2006, the Department, along with other industry stakeholders, continues to monitor the impact of developments in the deep-mine sector upon safety and rescue provision.

**7. We believe that the collection of below-national-level data is essential in order to underpin the development of policy in this area, and encourage the Department for Business, Enterprise and Regulatory Reform to continue to pursue this aim.**

BERR continues to expand the amount of sub-national data on energy that it can make available. For example the December 2007 issue of its statistical bulletin "Energy Trends" contains articles on Electricity generation and supply in Scotland, Wales, Northern Ireland and England; Regional and local electricity consumption statistics for Great Britain in 2006; Regional and local gas consumption statistics for Great Britain in 2006; Regional and local estimates of consumption of fuels other than electricity, gas and road transport fuels in 2005; and Regional and local total energy consumption statistics for 2005. In addition the September 2007 issue contained articles on Renewable energy and CHP on a sub-national basis. The full range of data described in all these articles is available on the BERR regional energy consumption web site (<http://www.berr.gov.uk/energy/statistics/regional/index.html>). It remains the case that the amount of data that can be made available at a sub-national level is sometimes limited by the requirement that we should not disclose information for individual businesses that has been given to us in confidence.

**8. We agree with CAT's assessment that the current price of photovoltaic panels is likely to be a disincentive to their widespread adoption on a domestic scale, and we would support action by both the UK Government and the Welsh Assembly Government which would stimulate the market – for example, via the planning process – and so lead to a reduction in the price of photovoltaic panels for domestic scale electricity generation. We note the shortage of skilled professionals qualified to install**

**solar panels on roofs, which is likely to inhibit the take up of this technology and which could be addressed by Governments as an aspect of the skills agenda.**

The Government's Low Carbon Buildings Programme continues to provide capital grants to householders with costs of purchasing and installing microgeneration equipment, including photovoltaics. Other steps taken include the recent announcement that microgenerators will benefit from 2 ROCs (Renewables Obligation Certificates) for each megawatt/hour generated, ensuring that microgenerators are able to sell their excess electricity back to the grid and that suppliers offer an 'export tariff', and exempting microgenerators from income tax on revenues for the sale of that electricity.

The recently published Planning Policy Statement on climate change (PPS1) states that planning authorities should set out a target percentage of the energy to be used in new developments to come from decentralised and renewable or low carbon sources, and that higher levels can be set for specific sites where justified. It also maintains the evidence based understanding for assessing the feasibility of achieving this. This should help all relevant parties, both in local authorities and in the different sectors of industry, to make the necessary preparations for our zero carbon homes target.

Work to ensure development of the skills base continues, although we will close this action with the end of the Microgeneration Strategy implementation steering group in April. Achievements to date include the SummitSkills report identifying the extent of microgeneration training for installers and system designers (several accredited courses are now available), Sector Skills Council development of Sector Skills Agreements and actions to address skills gaps, and skills elements in the ongoing work of the Microgeneration Certification Scheme and route maps.

**9. We continue to find the level of funding provided by UK Government in support of the Centre for Alternative Technology's WISE (Wales Institute for Sustainable Education) project disappointing, especially given the Government's aims as set out in its micro-generation strategy. We urge the Department for Business, Enterprise and Regulatory Reform to reconsider the level of financial support it provides for this important project.**

We recognise the benefits of the Wales Institute for Sustainable Education, and are aware of the work being undertaken at the Centre for Alternative Technology. We have previously supported the Centre for Alternative Technology through our grants schemes for demonstration projects, but our current grant programme, the Low Carbon Buildings Programme, is aimed at households and the charitable sector. The Centre for Alternative Technology is one of a number of sites currently showcasing examples of renewable energy technology in the UK, but we are not currently in a position to provide additional support.

**10. We believe that the Government is right to conduct further detailed study of the Severn barrage proposal. Such a scheme has the potential to make a significant**

**contribution to the Government's targets for increasing the percentage of electricity generated by renewables and for reducing CO2 emissions. However, given the scale of the project and the extent to which it would impact on this environmentally sensitive and highly protected area it is essential that the most careful assessment is undertaken. This should include consideration of the adequacy and financing of any habitat compensation which is required, which would be on an unprecedented scale. A thorough assessment of the possible financing options should be included, as well as the impact which a barrage across the Severn would have on the infrastructure and economies of the regions concerned.**

The Government published the terms of reference for the Feasibility Study on the Severn Barrage proposal on 22 January 2008. The Feasibility Study will build on the work of the Sustainable Development Commission and earlier studies, and will:

- Assess in broad terms the costs, benefits and impact of a project to generate power from the tidal range of the Severn Estuary, including environmental, social, regional, economic, and energy market impacts; identify a single preferred tidal range project (which may be a single technology/location or a combination of these) from the number of options that have been proposed
- consider what measures the Government could put in place to bring forward a project that fulfils regulatory requirements, and the steps that are necessary to achieve this;
- decide, in the context of the Government's energy and climate change goals and the alternative options for achieving these, and after public consultation, whether the Government could support a tidal power project in the Severn Estuary and on what terms.

The work will be carried out by a cross-Whitehall team led from the Department for Business, Enterprise and Regulatory Reform, including representatives of the Welsh Assembly Government and the South West Regional Development Agency, taking external advice as necessary and engaging stakeholders and the wider public. The study is expected to last roughly two years.

The study will look at the range of options for power generation from the Severn Estuary tidal range, including barrages, lagoons and other technologies. It will include a Strategic Environmental Assessment of plans for generating electricity from the Severn Estuary tidal range to ensure a detailed understanding of its environmental resource, recognising the nature conservation significance of the Estuary.

The feasibility study team will report to the Secretary of State for Business, Enterprise and Regulatory Reform supported by ministers from DCLG, Defra, DfT, Treasury, Wales

Office, the Welsh Assembly Government and the Minister for the South West.

If the outcome of the feasibility study is a decision to proceed, extensive and detailed further work would be needed to plan and implement a tidal power project, and secure the regulatory consents that would be required.

**11. In reiterating the conclusions of our earlier Report of emphasising the importance of climate change and security of supply, we urge the UK and Welsh Assembly governments to develop a more balance energy mix which fully recognises the continuing importance of Welsh coal to the British electricity supply industry.**

**12. The Committee reaffirms its earlier conclusions that a long term future for Welsh coal can be guaranteed, if carbon capture technology is fully exploited and a new generation of skilled Welsh miners can be assured.**

The Government believes that there will be a continuing role for coal in the energy mix if its environmental impact can be managed. This should equally ensure a continuing role for locally produced coal, including Welsh coal, to supply a proportion of these energy requirements.

**13. The Committee further reaffirms its earlier support for renewables and sustainable energy technologies and urges policy approaches which are more comprehensive and diverse than the apparent over emphasis on offshore and onshore wind power generation.**

The Government believes that the foregoing information demonstrates its commitment to the development and deployment of a diversity of renewable and sustainable energy technologies.