

POLICY MAKERS SUMMARY

BARRIERS TO COMMISSIONING RENEWABLE ENERGY PROJECTS

Background

RAB has identified post-planning approval delays as a key constraint, across the UK, which could threaten the delivery of the Government's renewable energy targets and aspirations.

The RAB Unlocking Consents Work Group was established, in Spring 2005, to examine the issues holding back the construction of consented renewable energy projects.

Progress to date

The following 'Barriers to Commissioning Renewable Energy Projects' study was commissioned in June 2005 on behalf of the Renewables Advisory Board. The study has collated evidence regarding the nature and scale of the post-planning approval delays. The report establishes the current position, likely future trends and recommends actions to speed up progress. It focuses on barriers to commissioning onshore wind projects, given the potential for this resource to contribute to meeting the 2010 target. However, it also addresses offshore wind, biomass and hydro projects.

Principal Study Findings

The analysis discovered that there are a number of factors leading to delays in the post approval phase of renewable energy schemes that are unlikely to improve without some form of intervention. The time taken to commission renewable energy schemes, following planning approval, is lengthening.

A number of recommendations have been proposed to:

- Assist current approved schemes towards construction and commissioning;
- Speed up the process for future approved schemes.

Average time taken from approval to commissioning for schemes approved post August 2000

Technology Band	Schemes commissioned (that were approved post August 2000)				Average installed capacity (MW)	Average time taken from approval to commissioning (months)
	Number	%	MW	%		
Biomass	1	3	3	1	3	17
Hydro	2	5	4	1	2	16
Offshore wind	2	5	120	20	60	22
Onshore wind	33	87	470	78	14	20
Total	38	100	597	100	16	19

Recommendations

The report proposes 12 recommendations for the Renewables Advisory Board to consider.

Recommendation 1 – Landowner negotiations & connection Wayleave Rights

RAB to encourage the Law Society to include landowner services within its publications and online resources (e.g. online Directory of Solicitors and Barristers, which can be searched by area of law), in order to help those approached by a developer to access expert advice. RAB also to explore the scope for advice on how to approach negotiations, with a landowner representative organisation such as CLA.

Recommendation 2 – Grid Connection

RAB to urgently take a lead on reviewing grid connection issues, the magnitude of anticipated delays and explore possible solutions in association with DTI/Ofgem/NGET.

Recommendation 3 – Technology Supply

RAB/DTI/Trade Associations to develop a programme of work to address the ability of the supply chain to build projects for 2010. These should include technology, supply, market confidence and contracting issues.

Recommendation 4 – Engineering, procurement and construction (EPC) contracts

BWEA, with support of DTI/Scottish Executive, to (continue to) facilitate discussions between offshore wind developers and suppliers on co-operation and alliances (as in the oil and gas industry) to resolve issues surrounding contract prices and apportionment of risk.

Recommendation 5 – Post approval decision making by determining authorities - Negotiating planning agreements and agreeing and discharging conditions

Government to work with planning bodies (RTPI and/or TCPA) to develop guidance for determining authorities and developers on the process of agreeing a timetable for post-approval actions (finalising legal agreements and agreeing conditions) to provide more certainty for developers to allow them to start putting construction plans in place.

Recommendation 6 - Post approval decision making by determining authorities - Negotiating planning agreements and agreeing and discharging conditions

Government in association with industry and planning bodies to draft guidance on the suggested contents of legal agreements for onshore wind schemes. Guidance could also be used to encourage 'frontloading' of legal planning agreements, whereby the outline of an agreement is commenced prior to the resolution to grant planning permission.

Recommendation 7 - Post approval decision making by determining authorities - Negotiating planning agreements and agreeing and discharging conditions

RAB/BWEA to establish a working group with planning officers and ODPM/DTI/Scottish Executive representatives to produce guidance on planning conditions for renewable energy schemes.

Recommendation 8 - Post approval decision making by determining authorities - Negotiating planning agreements and agreeing and discharging conditions

RAB to consider and advance a range of possible measures to reduce delays to offshore windfarms due to FEPA licensing conditions, including producing guidance on appropriate conditions for offshore schemes, co-ordination of industry standards based on technical capabilities, co-ordination of a centralised database of monitoring studies to reduce cases of repeat monitoring.

Recommendation 9 - Planning resources

Government to work to improve skills and capacity of organisations involved in the post-approval decision making process, including determining authorities (DTI, Scottish Executive and Defra) and statutory consultees. Measures to consider include the use of recently increased planning fees to improve resources for processing renewable energy applications; increased funding of key organisations through Government budgetary decisions to support adequate staffing levels; working with trade associations to develop training packages on renewable energy technologies; provision of regular technology bulletins and/or provision of a centralised advice centre, and reviewing the strategy in place for the recruitment and retention of key staff.

Recommendation 10 – Project economics

Government/RAB to consider additional support options to assist biomass and offshore wind projects in the early (capital intensive) stages of project operation.

Recommendation 11 – Project planning

Trade representatives to produce guidance for developers (particularly smaller or less experienced developers) on possible causes of delays in projects, drawing on the conclusions of this research, and means of overcoming these, based best practice.

Recommendation 12 – Biomass specific measures

Government to consider a number of measures specifically designed to support the biomass sector including providing Government underwriting of PPA price for the necessary payback term for those projects considered 'pathfinders'; introducing a Renewable Heat Obligations to promote better use of fuel and to improve project economics for those opting for combined heat and power; and reviewing and providing further clarification on the classification of biomass fuels.

Next Steps

The DTI working closely with RAB, Trade Associations and other stakeholders will take a number of the recommendations forward. However, a number of the recommendations are already being pursued:

- **Recommendation 2 – Grid Connection** – This is a key focus for the DTI's 2010 Renewable Energy Target Team who are working closely with National Grid, Ofgem, Transmission Operators and industry to find solutions to enable renewable projects to connect efficiently and economically to the grid. That work will be reported back to RAB on a quarterly basis.

- **Recommendation 3 and Recommendation 4 – Technology Supply and Engineering, procurement & construction (EPC) contracts –** These are important issues. Work in this area is already underway and being taken forward by the DTI's 2010 Renewable Energy Target Team Business Development unit working in partnership with the British Wind Energy Association. Currently activity includes:-

 - Working closely with regional renewable organisations and Regional Development Agencies to identify new sources of UK supply to the renewable energy sector through meet the buyer events;
 - Investigating lessons to be learned from the oil and gas sector to understand how co-operative & alliance based approaches were built;
 - A series of events bringing developers and contractors together (the first event was held in November 2005); and
 - Jointly funding a new post at BWEA to focus on supply chain issues.

- **Recommendation 5 – Post approval decision making by determining authorities – Negotiating planning agreements and agreeing and discharging conditions** - The new ODPM Circular 05/2005 on Planning Obligations encourages local planning authorities to pursue a number of measures designed to speed up negotiations. Extant Welsh planning guidance (WO13/97) has no significant policy differences to Circular 05/2005. In Scotland current guidance is set out in Circular 12/1996 however, the Planning Bill, currently in progress, includes provisions to alter the existing legislative position. This is similar to the position as set out in Circular 05/2005. The RAB Planning Workgroup will continue to monitor progress of the Planning Bill in Scotland.

- **Recommendation 6 - Post approval decision making by determining authorities – Negotiating planning agreements and agreeing and discharging conditions** - The Law Society has prepared a model legal agreement which they aim to publish early in 2006 alongside a Practice Guide to accompany ODPM Circular – Planning Obligations - 05/2005.

- **Recommendation 9 – Planning Resources** – This is an area of focus for the DTI's 2010 Renewable Energy Target Team. Principal activity includes:-

 - A programme of workshops designed to better equip Planners and Councillors to assess renewable energy planning applications. Workshops include Planning for Wind, Advanced Planning for Wind, and Micro-renewables. A Biomass workshop is in the design phase and will be piloted soon. The programme is being expanded to increase participation and cover more regions;
 - Over 820 Workshop attendees and members of the Planning Community will receive a regular Planning E-newsletter. It will provide a useful vehicle for DTI and ODPM to disseminate information; <http://www.planningrenewables.org.uk/index.cgi>

- Knowledge Transfer – As a natural evolution of the workshops, work is ongoing to consider how best to capture the knowledge of experienced planners and build this into the next series of workshops.
- **Recommendation 10 – Project economics** – This is being pursued by the RAB Making Offshore Wind & Energy Review Work Groups.
- **Recommendation 11 – Project planning** – This is an area for the Trade Associations to progress. BWEA are currently updating their own Best Practice Guidance for Developers.
- **Recommendation 12 – Biomass specific measures** – This is being pursued by the work of the RAB Biomass Group.

Work will be commenced, and if appropriate additional studies will be commissioned, as soon as possible, on:

- **Recommendation 1 – Landowner negotiations & connection Wayleave Rights** – The Law Society have been asked if they can facilitate this recommendation and progress will be reported to RAB in due course.
- **Recommendation 7 - Post approval decision making by determining authorities – Negotiating planning agreements and agreeing and discharging conditions** - This is an area of focus for the DTI's 2010 Renewable Energy Target Team. Current activity includes:-
 - A DTI funded study has collected and assessed a representative selection of planning conditions issued by regulatory bodies for wind energy schemes. The study will be used to inform next steps on implementing this recommendation;
 - Arranging a seminar to promote good practice in setting planning conditions and managing expectations of developers with a target audience of Local Planning Authorities, Planning Control Officers and Wind energy developers.
- **Recommendation 8 – Post approval decision making by determining authorities - Negotiating planning agreements & agreeing & discharging conditions** - DTI and Defra have discussed this recommendation as the two departments work closely together on offshore renewable energy development applications given their inter-connected responsibilities for, respectively, consents under Section 36 of the Electricity Act and licences under the Food and Environmental Protection Act. The two Departments will be taking the following action:
 - Defra will progressively assess data from round 1 monitoring as it becomes available in order to develop its use of appropriate and proportionate monitoring conditions. In addition, Defra are considering when sufficient data from round 1 monitoring will be available to undertake an overarching review of monitoring conditions. This initial work is due to be complete by April 2006.

- DTI and Defra will be looking to help developers continue the trend that is already emerging of working to relatively uniform predictions of environmental impacts from different projects.
- Defra will continue to consider requests for modification of existing FEPA licence conditions on the basis of the provision of supporting site-specific data. It is hoped that the need for modifications will reduce as applicants' expectations of technical delivery (e.g. on cable burial depth) become increasingly reliable.
- DTI and Defra will continue with their jointly funded programme of research studies into impacts of offshore windfarms, making this information available to developers to help reduce the uncertainties surrounding their applications.
- DTI and Defra will liaise with COWRIE¹ who are undertaking a major programme of work on data management in relation to offshore windfarms. Both departments very much appreciate the desirability of a single database covering all relevant information. Such a database could capture not just information from monitoring studies but also outputs from research and other sources.

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¹ COWRIE - Collaborative Offshore Windfarm research into the Environment - is an independent company set up to raise awareness and understanding of the potential environmental impacts of the UK offshore windfarm programme. COWRIE Ltd is governed by a Board of Directors drawn from The Crown Estate, the Department of Trade and Industry (DTI), and the British Wind Energy Association (BWEA). It is chaired by an independent member.

ANNEX 1 - RECOMMENDATION 8 – ADDITIONAL INFORMATION

Recommendation 8 – Post approval decision making by determining authorities - Negotiating planning agreements & agreeing & discharging conditions

DTI and Defra work closely together on offshore renewable energy development applications given their inter-connected responsibilities for, respectively, consents under Section 36 of the Electricity Act and licences under the Food and Environmental Protection Act. As part of the process of joining up management of the two regulatory regimes for the benefit of applicants, environmental conditions have largely been cast against FEPA licences while conditions relating to other issues (e.g. aviation markings) have been contained in the Electricity Act consents.

One of the problematic aspects to this recommendation is the fact that only a few offshore windfarms have so far been constructed and there is only a small amount of monitoring data available from them (only one developer has produced annual FEPA post construction monitoring reports). This makes it difficult to review whether the licensing and consent conditions imposed for Round 1 windfarm projects were appropriate or in need of adjustment. It is also important to note that:

- Defra's FEPA licence conditions for offshore windfarms need to be broadly consistent with FEPA licences issued for other offshore works. Generally speaking the conditions in place have proved acceptable to other marine sectors and those other sectors have been able to implement them without further support. There is an expectation that industry would normally "co-ordinate industry standards based on technical capabilities" as it would be better placed to do so than Government.
- the conditions are often required as a result of EU and other obligations regarding protection of sensitive species and habitats.
- where conditions for offshore windfarms have varied from conditions generally applied, this has been due to uncertainty about site layout, construction methodologies, cable routes, ground conditions and other factors at the point when the licence was issued. Such unknowns are likely to give rise to uncertainties in Environmental Statements. DTI and Defra have been reluctant to hold up award of consent because of them but there will inevitably be a need to include consent conditions designed to confirm predictions of environmental impacts made in the ESSs.
- licence conditions are discussed with applicants and the reasons for their inclusion explained.

Despite the above caveats, DTI and Defra recognise the desire for greater certainty about consent conditions that will be applied. This comes not only from developers who want to reduce the need for repeat monitoring. It also comes from the Government's statutory advisors on marine environmental issues and from environmental NGOs. These bodies would like greater certainty in terms of whether the Round 1 consent conditions are appropriate for further use with the much bigger Round 2 projects.