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## Morlais Project

# Further updates to UK & Welsh Government Energy Policy

Applicant: Menter Môn Morlais Limited  
Document Reference: MOR-MM-DOC-0022  
Document Title: Further updates to UK & Welsh Government Energy Policy

Morlais Document No.: MOR-MM-DOC-0022  
File No.: MMC579

Status:  
Final

Version No:  
F1

Date:  
Jan 2021

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### Further updates to UK & Welsh Government Energy Policy

I am David Bell, the Applicant's planning and policy witness. I have written this updated note to summarise further recent material considerations on the matter of national energy policy which have been recently published. The further documents are:

- The Committee on Climate Change (CCC) Sixth Carbon Budget, 'the UK's Path to Net Zero' (9<sup>th</sup> December 2020);
- The UK Energy White Paper 'Powering our Net Zero Future' (14<sup>th</sup> December 2020);
- CCC, 'The path to Net Zero and reducing emissions in Wales' (and associated 'Progress Report' and Executive Summary) (17<sup>th</sup> December 2020);
- UK Government, The North Wales Growth Deal Announcement, (17<sup>th</sup> December 2020); and
- The Hornsea Three Offshore Wind Farm Order, granted consent under the Planning Act 2008 (31<sup>st</sup> December 2020).

In my view, the provisions of these documents and the recent Growth Deal announcement add further weight to the policy support for this project. Each is addressed in turn below.

#### Committee on Climate Change Sixth Carbon Budget, 'the UK's Path to Net Zero'<sup>1</sup>

The CCC published the Sixth carbon budget 'the UK's Path to Net Zero' on 9<sup>th</sup> December 2020. The recommendations relate to the carbon budget to run from 2033 to 2037. It builds upon the CCC's previous advice to Government in relation to net zero. The CCC recommends that the UK:

- Sets a Sixth Carbon Budget to require a reduction in UK greenhouse gas emissions of 78% by 2035 relative to 1990 levels;
- This is seen as a world leading commitment, placing the UK "*decisively on the path to net zero by 2050 at the latest with a trajectory that is consistent with the Paris Agreement*" (page 7);
- It should be accompanied by an ambitious 2030 pledge to reduce emissions by at least 68% from 1990;
- The recommended budget would achieve well over half of the required emissions reduction to 2050 in the next 15 years.

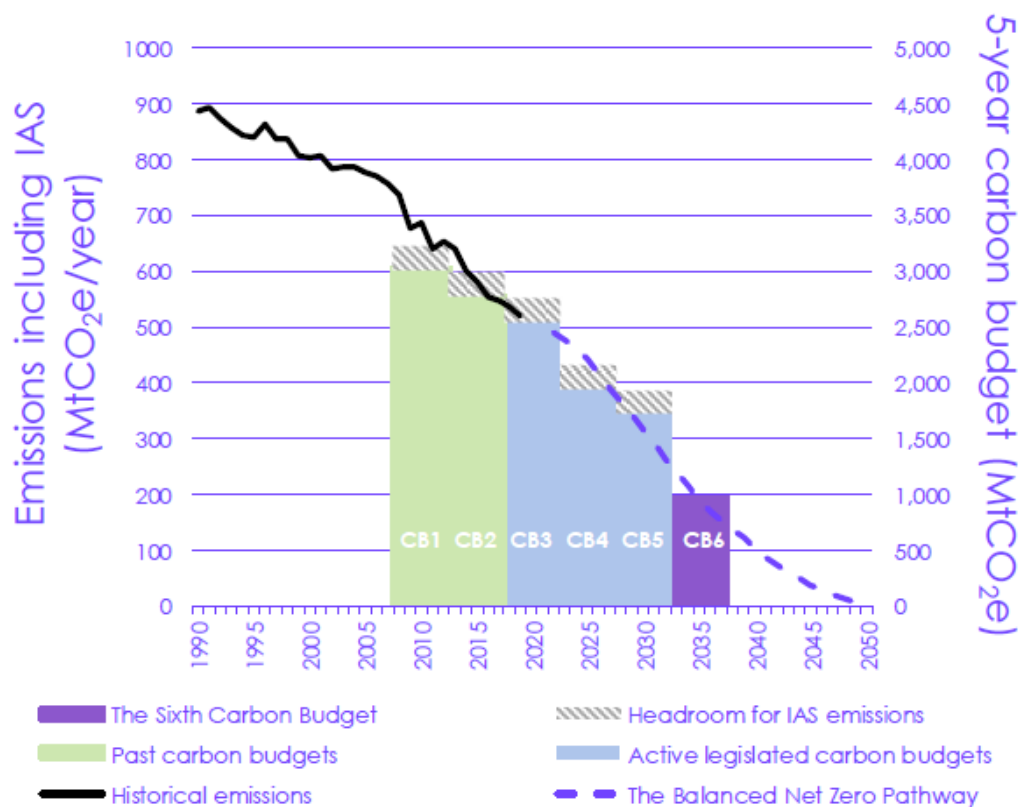
Key benefits for the UK include the opportunity for low carbon investment – recognised at a time when it is needed to support the UK's economic recovery from the COVID-19 health crisis.

Figure 1 below illustrates the recommended Sixth Carbon Budget showing how it relates to the first five budgets which are already legislated to 2032, the end of the Fifth Carbon Budget period. Although the budget extends to 2037, the CCC advice in this most recent CCC report covers the full path for emissions to net zero by 2050.

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<sup>1</sup> Available at [Sixth Carbon Budget - Climate Change Committee \(theccc.org.uk\)](https://www.theccc.org.uk/publications/sixth-carbon-budget/). A copy is appended to this Note.

**Figure 1: The Recommended Sixth Carbon Budget (CCC, December 2020)**



Source: BEIS (2020) *Provisional UK greenhouse gas emissions national statistics 2019*; CCC analysis

Notes: Emissions shown include emissions from international aviation and shipping (IAS) and on an AR5 basis, including peatlands. Adjustments for IAS emissions to carbon budgets 1-3 based on historical IAS emissions data; adjustments to carbon budgets 4-5 based on IAS emissions under the Balanced Net Zero Pathway.

Page 23 refers to the devolved nations and sets out that “*UK climate targets cannot be met without strong policy action across Scotland, Wales and Northern Ireland*” and recognises that although the main policy levers are held by the UK Government, Wales can take action through complementary measures at the devolved level including supporting policies such as “*planning and consenting*”. In addition there is recognition that the policy framework in Wales is “ahead of the rest of the UK in emphasising the importance of the potential health and environment benefits” by way of the Wellbeing of Future Generations Act.

The CCC advice sets out that reducing emissions and meeting the budget requires action across various areas including expansion of low carbon energy supplies. The CCC is clear in setting out that new demand for electricity will mean that electricity demand will rise 50% to 2035 and “*doubling or even trebling by 2050*” (page 25).

Page 29 sets out recommendations for action including “*delivering the actions required in the 2020s to meet the Sixth Carbon Budget requires policies to be strengthened now. Matching strong ambition with action is vital for the UK’s credibility...*”

In terms of next steps, the Government needs to set the Sixth Carbon Budget in law by the end of June 2021 and this is to be followed “*as soon as is practicable by a set of policies and proposals that demonstrably would meet the budget*” (page 31).

The report sets out recommendations for policy and in relation to the devolved administrations and with regard to planning policy, sets out at page 235 that planning frameworks are a useful lever over infrastructure that needs to be well aligned to objectives for emissions reduction in devolved administrations.

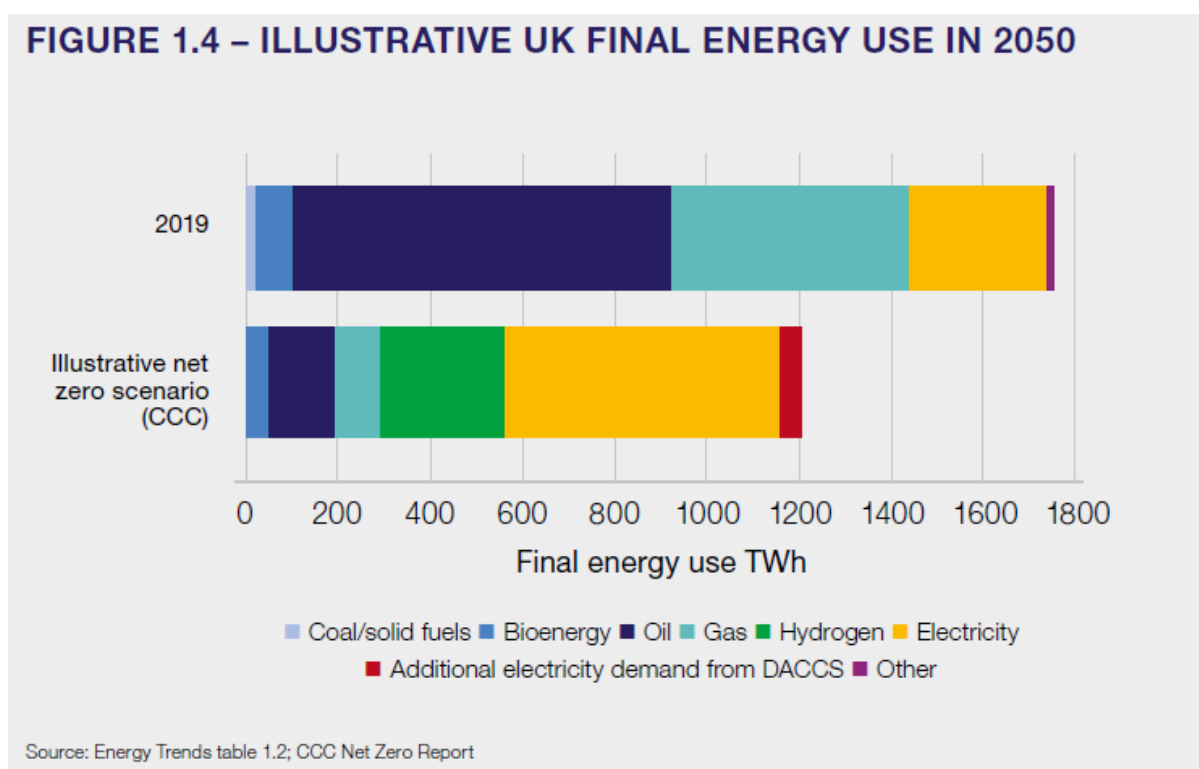
The related 'Methodology Report' from the CCC advice, states that in all scenarios for the carbon budget and looking ahead to 2050, the CCC sees "new onshore wind generation being deployed by 2050". They set out that their "modelling reflects this by almost doubling onshore wind capacity to 20-30 GW in all scenarios by 2050."

### The UK Energy White Paper 'Powering our Net Zero Future'<sup>2</sup>

The UK Government published the Energy White Paper entitled 'Powering our net zero future' on 14 December 2020. The document builds on the Prime Minister's recently announced '10 Point Plan' which the Applicant previously referenced in its written submission of 8th December 2020. The White Paper (WP) is intended to provide "clarity on the Prime Minister's measures and puts in place a strategy for the wider energy system, which is intended to" *inter alia*:

- "Transform energy – building a cleaner, greener future for the country and the planet.
- Support a green recovery, growing the economy and supporting thousands of green jobs across the country in new green industries and leveraging new green export opportunities".

Figure 1.4 (page 9) of the WP sets out the illustrative UK final energy and use in 2050, i.e. when net zero is to be reached. It can be seen that use of electricity in final energy use is to grow significantly compared to today's position.



As explained in the planning and energy policy evidence, the proposed development can play a valuable role in helping to decarbonise the energy system by way of the provision of being a clean energy technology supporting the drive to the net zero position.

<sup>2</sup> Available at [Energy white paper: Powering our net zero future - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/energy-white-paper). A copy is appended to this Note.

It is clear that clean electricity is to become the predominant form of energy and the WP states (page 10) that this will entail “a potential doubling of electricity demand and consequently a fourfold increase in low carbon electricity generation”.

The WP adds that “*this challenge is set against the backdrop of an economy which has been hit by the largest recession in 300 years as a result of the COVID-19 pandemic. Our commitments to new and improved buildings, infrastructure and energy sources will support near-term investment and jobs in the UK. It will also establish world leading capabilities in the new technologies which will be needed globally to tackle climate change, growing our capability to trade UK expertise around the world*”.

These aspirations, namely for development to make a contribution to the green recovery as a result of the pandemic and the opportunity for economic development by way of export opportunities through new technology can be achieved by the proposed development. This was a key point set out in the planning evidence which is supported by a number of representations made by developers active in the sector and who would potentially make use of the project.

The WP addresses “power” in Chapter 2 and sets out the goal as follows: “*electricity is a key enabler for the transition away from fossil fuels and decarbonising the economy cost effectively by 2050*”.

Key actions (page 38) include:

- Accelerate the deployment of clean electricity generation through the 2020s and;
- Ensure that the transformation of the electricity system supports UK jobs and new business opportunities, at home and abroad.

Page 41 sets out that even although retiring generation capacity will need to be replaced to keep pace with existing levels of demand, modelling suggests that overall electricity demand could double by 2050 – mainly because of the electrification of vehicles and the increased use of clean electricity replacing gas for space heating. This would require a fourfold increase in clean electricity generation with the decarbonisation of electricity increasingly underpinning the delivery of the net zero target.

Page 42 sets out that given the pivotal role of electricity in delivering net zero emissions “*we must aim for a fully decarbonised, reliable and low cost power system by 2050*”.

Page 43 sets out that the Government is not planning for any specific technology solution, but a low cost, net zero consistent system is likely to be composed predominately of wind and solar. However, it does add that ensuring the system is also reliable, means intermittent renewables “*need to be complemented by technologies which provide power, or reduce demand, when the wind is not blowing, or the sun does not shine*”. Whilst in part that role may be taken up by nuclear and some other technologies, it was explained in the evidence of Dr Orme that tidal stream provides the opportunity for predictable, high load factor generation.

Therefore, notwithstanding the precise generation mix for 2050 is not known, solar and in particular wind are expected to play a big role: this underlines the importance of enabling the delivery of projects that are planned and able to be delivered now such that short and medium term action can be taken in terms of attaining these challenging targets, as well as meeting the Governments economic development imperative.

Furthermore, as noted, although there is no specific rigid technology banding for the net zero position by 2050 in terms of generation, whilst offshore wind is clearly to play a major role, it is recognised in the WP that other technologies have an important role as noted in particular those that can provide a balance to more intermittent generation.

In terms of planning policy, page 55 of the WP sets out that the Government will complete a review of the National Policy Statements (NPS) documents with the aim of designating updated NPS by the end of 2021. These will reflect the policies set out in the WP and will provide a planning policy framework to deliver the investment required for the transition to net zero. As noted in the planning oral evidence, the existing NPS documents remain extant until they are replaced.

In terms of specific reference to tidal energy, page 46 with regard to renewables sets out that the Government will consider the role of wave and tidal energy following further evaluation of the commercial and technical evidence. The Morlais demonstration zone will clearly be able to further contribute to the knowledge base and commercial and technical evidence position to allow the further advancement of the sector, as explained in the earlier planning evidence.

### **CCC, 'The path to Net Zero and reducing emissions in Wales'<sup>3</sup>**

On 17th December 2020, the CCC published its advice to the Welsh Government in relation to Net Zero. The CCC set out that Net Zero by 2050 is the correct target for Wales. Two reports have been published (with a related Executive Summary) which are required under the Environment (Wales) Act 2016, providing advice to the Ministers on Wales' climate targets between now and 2050. The 'Advice Report: The path to a Net Zero Wales' provides recommendations on the actions needed in Wales, including the legislation of a net zero target and a package of policies to deliver it. The second related report is entitled 'Progress Report: Reducing emissions in Wales' which examines the progress made in Wales since the 2016 Environment (Wales) Act was passed and assesses whether Wales is on track to meet its currently legislated emissions reductions targets. The CCC sets out that this recent advice is compatible with its advice on the UK's Sixth Carbon Budget which has been referred to above.

As already set out in my policy evidence, in 2019 the CCC advised the Welsh Government to set a target to reduce emissions by 95% by 2050. The Welsh Government accepted that advice and also declared its intention to bring forward a target for Wales to achieve Net Zero emissions no later than 2050. The CCC in this recent report has now confirmed that the Welsh Government is in a position to realise that goal and the recommendation is that Wales now set and pursue "an ambitious target to reduce all greenhouse gas emissions to Net Zero by 2050, backed up by a stretching set of targets on the pathway to that goal" (CCC, Executive Summary page 6).

The CCC recommended targets for Wales would achieve nearly two thirds of the required emissions reduction from 2020 to 2050 in the next 15 years. The CCC sets out that this early action "*is vital to support the required increase in global ambition ... it can feasibly be achieved at low overall cost and would bring multiple benefits and opportunities for the UK*".

Key recommendations include the following: -

- Wales should legislate as soon as possible to reach Net Zero greenhouse gas emissions (GHG) by 2050. The target can be legislated as a 100% reduction in GHGs from 1990 and should cover all sectors of the economy.
- Wales should legislate a stretching series of targets on the pathway to Net Zero.

The report adds (Executive Summary page 9) that "*the UK's climate goals cannot be met without the right action in Wales. The Welsh Government can support UK action by setting equally stretching targets into Welsh law and pursuing ambitious devolved policies which are well aligned to both Wales' Net Zero goal and the UK's path to Net Zero via the Sixth Carbon Budget*".

The CCC add (Executive Summary page 15) that "*in addition to supporting Wales' global responsibilities, the pathway to Net Zero in Wales is well-aligned to the other Well-being Goals under the Well-being of Future Generations (Wales) Act 2015*".

Reference is also made to the opportunity to encourage private investment at a time when it is needed to support Wales' economic recovery from the COVID-19 health crisis and that "*it could also help Wales secure competitive positions in growing global markets for low-carbon goods and services*" (Executive Summary page 15).

Recognition is also made of the opportunity to create a resilient Wales, recognising that the changing climate poses risks to meeting Wales' economic, social and environment goals. In this regard, efforts

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<sup>3</sup> Available at [Net Zero Wales by 2050: Wales faces a decisive decade to get on track to an emissions-free future - Climate Change Committee \(theccc.org.uk\)](https://theccc.org.uk/net-zero-wales-by-2050-wales-faces-a-decisive-decade-to-get-on-track-to-an-emissions-free-future) A copy is appended to this Note.

to move to a Net Zero economy are recommended. In this regard *"accelerating action on climate change now can help to support the recovery from COVID-19 and rebuild the Welsh economy to be more resilient to the changing climate and future economic shocks"* (Executive Summary page 16).

The CCC specifically addresses the question – how the Net Zero target can be met in Wales? The answer is multifaceted covering matters such as reducing demand for carbon-intensive activities but it also, includes *"expansion of low-carbon energy supplies"* (Executive Summary page 18).

The CCC specifically sets out that *"in our Balanced Pathway the low-carbon share of generation in Wales increases from 27% now to 100% by 2035, cutting Welsh emissions by more than 95% compared to our baseline."* (Executive Summary page 18). The CCC adds that new demands from transport, buildings and industry mean electricity demand in Wales is expected to double by 2050.

The overall key recommendation is that the Welsh Government should legislate ambitious targets for a whole-economy transition to Net Zero by 2050.

In terms of the Progress Report, key messages are that whilst emissions are falling in Wales and some policy progress has been made, gaps remain such that *"underlying indicators and the lack of a cohesive, economy-wide strategy for 2050 – at both UK and Welsh Government level – mean that Wales is not currently on track for the existing 80% target, let alone Net Zero"* (Executive Summary page 25). This underlines the importance of taking early action and delivering projects, such as Morlais, that can achieve the challenging net zero goals as well as the related policy objectives of economic recovery and a competitive edge in growing global markets.

#### **UK Government, The North Wales Growth Deal Announcement<sup>4</sup>**

In addition to the above recent policy developments, the UK and Welsh Governments signed the North Wales Growth Deal on 17th December 2020. This involves five development programmes comprising some 14 projects covering low-carbon energy through to high value innovative manufacturing, agri-food and tourism.

The Press Release for the Growth Deal is provided as an Appendix to this Note. It is notable that the only specific project to be mentioned in the release, and which will benefit from the funding deal, is the Morlais Project. The Secretary of State for Wales, Simon Hart, is quoted in the release as follows:

*"The North Wales Growth Deal is an incredible opportunity for the region and for the wider Welsh economy. Working hand in hand with local government and business we will ensure the Growth Deal unleashes the full potential of North Wales. Their main objectives are to create up to 4,200 new jobs by 2036, support an uplift of £2-£2.4bn for the economy over that same period, and deliver total investment of up to £1.1bn. Among the first projects to get underway in 2021 is the £35m Morlais Renewable Energy Scheme off the coast of Anglesey."*

Whilst clearly the Morlais Project has yet to secure consent, it is undoubtedly an important project in the overall Growth Deal programme. The funding commitment it currently enjoys is an important material consideration which can provide assurance over deliverability and the implementation of the project and the associated environmental benefits that it will give rise to.

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<sup>4</sup> Available at [UK Government signs North Wales Growth Deal - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/uk-government-signs-north-wales-growth-deal). A copy of the Press Release is appended to this Note.



## **The Hornsea Three Offshore Wind Farm Decision<sup>5</sup>**

The Hornsea Three Offshore Wind Farm was granted consent by the Secretary of State for Business, Energy and Industrial Strategy on 31 December 2020. This project was the subject of an application under the Planning Act 2008 and was the subject of an Examination undertaken by the Planning Inspectorate. The Decision Letter is informative with regard to the matter of energy policy and the role of National Policy Statements, specifically the Overarching National Policy Statement (NPS) for Energy (EN-1) which has been referenced in the Morlais project planning evidence (**MDZ/D2**).

At paragraph 4.1 of the decision letter, the Secretary of State agreed with the Examining Authority that *"substantial weight should be attached to the contribution the development would make towards meeting the national need demonstrated by the Overarching National Policy Statement for Energy (EN-1) and the substantial contribution it would make towards the delivery of renewable energy."*

At paragraph 4.5 the Secretary of State also agreed that *"the contribution to renewable energy would support the objectives of the Marine Policy Statement (MPS)"*. The MPS has also been referenced in the Morlais policy evidence (**MDZ/D4**).

At paragraph 4.6 of the decision letter, the Secretary of State also referenced the very recently published Energy White Paper 'Powering our Net Zero Future' which as noted was published on 14 December 2020. The Secretary of State stated that the White Paper *"announced a review of the suite of energy National Policy Statements but confirmed that the current National Policy Statements were not being suspended in the meantime. The relevant energy National Policy Statements therefore remain the basis for the Secretary of State's consideration of the Application."*

### **Impact on Policy and Legislative background to this Project**

In my proof of evidence (**MDZ/P9**) I set out the legislative and policy background to this project which is one of the main matters being considered in the Inquiry. I expanded on this in my evidence in chief on the first day of the Inquiry and it is important to be clear on the up-to-date position.

This is the second written submission on new material policy documents. In my view, the provisions of the Sixth Carbon Budget and the White Paper further confirm the position I set out in evidence, that there is a continuing urgent need for more renewable energy capacity: an increase of renewable deployment is not only supported but is viewed as critical to the attainment of Government commitments.

As I explained the drive to attain net zero emissions is now legally binding at the UK level by way of amendments to the Climate Change Act 2008 and the Welsh Ministers committed to a specific net zero target for Wales. The recent CCC advice to the Welsh Ministers confirms that seeking to attain net zero for Wales by 2050 is the correct target. The pathway to get there is challenging.

The benefits of the proposed development would help attain these policy objectives, specifically contributing to the need to expand low carbon energy supplies and would deliver economic benefits at a time of severe economic recession – consistent with the "green industrial revolution" further referenced in the White Paper.

My conclusion remains that the need case is a very important consideration: not an over-riding matter, but one which should be afforded significant weight in this case – and these recent material considerations strengthen that position, for the reasons set out.

**David C Bell BSc(Hons) DipUD MCIHT MRTPI**

**6<sup>th</sup> January 2021**

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<sup>5</sup> Available at [Hornsea Project Three Offshore Wind Farm | National Infrastructure Planning \(planninginspectorate.gov.uk\)](https://www.planninginspectorate.gov.uk/hornsea-project-three-offshore-wind-farm/)