

Lesley Griffiths AM
Minister for Environment, Energy and Rural Affairs

11 January 2019

Dear Lesley

Achieving our low-carbon pathway to 2030

As you know, the Climate Change, Environment and Rural Affairs Committee has taken a keen interest in the implementation and delivery of the Environment (Wales) Act 2016 ('the Act') which requires the Welsh Government to set carbon budgets for five year periods.

The Committee was pleased to see the publication of the Welsh Government's consultation on reducing emissions - 'Achieving our low-carbon pathway to 2030' – the results of which will inform the development of the first Low Carbon Delivery Plan, due to be published in March 2019. The Committee agreed to undertake a short piece of work in this area to feed in to the Delivery Plan.

In response to a request from the Committee, 26 stakeholders shared their consultation responses with us. Many of those stakeholders also attended a stakeholder discussion with the Committee on 28 November 2018. This letter is intended to convey to you the views of stakeholders on some of the key issues raised with the Committee.

The Welsh Government's consultation on a low carbon pathway to 2030

There is a strong belief within the sector that the Welsh Government should be aiming to meet a target of net-zero emissions by 2050, rather than the statutory reduction of at least 80% set out in the Act, particularly in light of the conclusions of the recently published report of the International Panel on Climate Change (IPCC). The Committee welcomes the initial steps you are taking, along with all



other UK Governments, to seek advice from the UK Committee on Climate Change (UKCCC) on how best to achieve net-zero.

Some stakeholders expressed concern that the consultation has signified a 'significant step back' from the Welsh Government's previously published Climate Change Strategy. They identified the level of ambition; the evidence base; and stakeholder and expert engagement; as important areas that were lacking. The general consensus regarding the proposals in the Welsh Government's consultation was that they were welcome in principle and a step 'in the right direction'. However, there is widespread concern that the proposals are not ambitious enough, and several stakeholders expressed serious concerns about the lack of detail, costs and impact assessments accompanying the proposed actions.

Some stakeholders expressed disappointment with the advice the Welsh Government has received from the UK Committee on Climate Change. There is a view that the advice was given within the wider UK context and, consequently, opportunities to design innovative "made in Wales" solutions had been missed. Stakeholders drew attention to the Well-being of Future Generations Act, which is unique within the UK, and suggested there was little evidence that it had informed the development of the advice.

Stakeholders supported the establishment of an expert group within Wales to advise on decarbonisation policies. There was a belief that there is now a significant gap in expert and stakeholder advice, that has arisen following the disbandment of the Climate Change Commission for Wales.

Stakeholders were also concerned that there is no indication of a joined up approach within the consultation. For example, there is no sense of how the proposed pathway and actions will align with the duty to achieve the well-being goals. There is also a lack of clarity of how the 'five ways of working' in the Well-being of Future Generations Act have been applied thus far.

Several stakeholders questioned the role of local decision making and how this will align with the Welsh Government's national leadership role. Questions were raised about local models, such as the city-region model in England, and whether they can deliver transformative change more effectively than the current arrangements.

Alongside this, several stakeholders emphasised the importance of behaviour and social change, which they believed should be a key component of any low-carbon



pathway. In addition, it was suggested that the Welsh Government should invest in exploring the social, cultural, psychological and economic barriers to change.

Welsh Government decarbonisation priorities

Stakeholders emphasised the need to demonstrate the links between decarbonisation and other policy areas. This is something that is currently lacking. For example, several stakeholders believed that an explicit link should be made between emissions reduction and public health. In particular, they believed that encouraging a modal shift for transport and reducing fuel poverty could present significant opportunities for emissions reduction and deliver public health benefits.

The Welsh Government should build on this to encourage more cross-sector collaboration to maximise impact. Stakeholders suggested that one way to achieve this would be through the formation of a cross-industry group to drive collaboration and innovation. The 'South Wales Industrial Cluster' was given as an example of a cross-industry group that could be used as a blueprint for a Wales-wide group. Further, it was suggested that the UK Government's 'City Deals' in Wales could be a good opportunity for cross industry collaboration at scale, and could lead to securing further innovation funding from the UK Government's Industrial Strategy Challenge fund.

A key issue for many stakeholders was the need for appropriate financial support to deliver change on the scale that is needed. It was suggested that new funding mechanisms should be explored, such as a possible Welsh Development Bank providing 'low carbon loans'. It was also suggested that the Welsh Government should explore how it can use Welsh taxes and borrowing to support jobs and growth in low-carbon technologies across all sectors.

Sectoral priorities

Stakeholders identified priorities across four key areas. They were –

- Energy;
- Transport;



- Buildings; and
- Land use and agriculture.

Energy

Funding and financial incentives were key issues in relation to the energy sector. Some stakeholders suggested the Welsh Government should provide a new investment vehicle for low carbon technologies. Others proposed new tax support mechanisms for renewable energy projects, such as a 0% VAT for smaller scale projects.

Other specific proposals that were raised with the Committee included:

- The creation of 'local energy hubs' that co-locate domestic or local renewable energy with low-carbon heat, demand side response projects and electric vehicle charging;
- Supporting research into Carbon Capture and Storage (CCS) and Carbon Capture and Utilisation or Storage (CCUS), and undertaking an evidence based assessment of bioenergy potential in Wales; and
- Requiring all public land sold to developers to be for zero-carbon developments.

Transport

There was a consensus that active and public transport policies should be emphasised. Stakeholders suggested that future planning of transport should be based around people and their needs. Some suggested clean-air zones in cities, congestion charges and the possibility of road pricing.

Alongside this, the Welsh Government should be encouraging increasing the use and number of Electric Vehicles (EVs). It was suggested that financial support could be given to fleet operators to switch to EVs in both the public and private sectors. It was also suggested that the cap for charging point installation grants should be increased, particularly for large companies which are currently limited to 20 points across the company. Stakeholders believed that there should be a universal, easy to use, charging system for EVs to encourage uptake.



Buildings

There was a consensus in support of the urgent need to improve energy efficiency in new and existing buildings, although different solutions were proposed. There were calls for a clear and consistent policy objectives, to enable cross sector and industry working towards a common goal. It was suggested that the well-being goals should be updated to consider fuel poverty.

Some stakeholders believed the Welsh Government should undertake a cost-benefit analysis of retrofitting existing housing stock. It was suggested that retrofitting will inevitably lead to the demolition of some buildings. There would need to be clear and consistent support if such an approach is pursued in future.

The Welsh Government's nascent tax raising powers could provide scope for incentivising improvements in building efficiency and fostering a culture of continuous improvement.

Land use and agriculture

Finally, stakeholders believed that land management post-Brexit could be an opportunity for significant changes to encourage land owners to use land for public goods, including carbon sequestration. It was suggested that the Welsh Government should look into the health and carbon impacts of food production.

The Committee hopes that this information will prove useful and will inform the development of the first Low Carbon Delivery Plan. The Committee looks forward to the publication of that Plan in March 2019 and will, I'm sure, wish to undertake further work on it in due course.

Yours sincerely,



Mike Hedges AM

Chair of Climate Change, Environment and Rural Affairs Committee

