



2050 Pathways Call for Evidence Co-ordinator
Department of Energy and Climate Change
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Pathways 2050 Analysis - HgCapital response

Established in 2000, HgCapital is a leading investor in the European private equity market. Based in London, HgCapital is the largest renewable energy fund based in the UK and one of the largest in Europe, with more than €1.3 billion in capital to support renewable energy projects. Over half of this capital comes from UK institutional investors, primarily pension funds. Investors like HgCapital will play a key part in delivering the UK's renewable energy and carbon reduction targets.

HgCapital has invested around one-third of its capital in onshore UK wind and currently has over 400MW of capacity operating, in construction or under development. This ranges from small projects (1-2 wind turbines) on brownfield industrial sites, helping industrial customers to lower energy costs and carbon footprints, to mid-size wind farms of typically 8-15 turbines, which HgCapital believes are most appropriate in the UK landscape.

As a major investor in onshore wind energy in the UK, HgCapital welcomes this opportunity to respond to the Pathways 2050 Analysis, which we see as a useful addition to policy discussion about how the UK might meet its 2050 greenhouse gas emissions reduction commitments.

As our interest in the UK is restricted to onshore wind, we have not responded in full to the consultation, instead answering the main question below.



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Does the range of alternative levels of ambition presented for each sector cover the full range of credible futures? If not, what evidence suggests that the range of scenarios should be broader than those presented?

We note the 2050 pathways work identified a range of between 0 and 50GW of operational onshore wind by 2050 and agree that this represents a credible range for future ambition, based on potential land availability and an analysis of demonstrated land-area density feasibility in other European countries.

However, we are concerned that the assumed planning approval rate for all trajectories - between 50% and 70% - is overly ambitious and, in trajectories one and two, gives a skewed impression of what could be delivered under business as usual or a 'stretching but achievable' trajectory.

RenewableUK (formerly BWEA) has done an extensive analysis of the disproportionate delays and the lower approval rates experienced by onshore wind projects.

The table below shows UK planning applications between 1 April 2007 and 31 March 2008:

Type of project	Per cent Approved within 13-18 week statutory time	Per cent Approved
Dwellings	67pc	66pc
Offices/R&D/Light industry	77pc	91pc
General industry/storage /warehousing	78pc	92pc
Retail/distribution/servicing	67pc	83pc
Other major applications	75pc	83pc
All major development	71pc	75pc
Onshore wind	7pc	69pc

Source: British Wind Energy Association

Our experience is that since these figures were produced, approval rates have fallen further, so that in England they are already below the 50% rate assumed in trajectory one. The pathways work assumes that this decline has now stopped - we do not believe this to be the case.

In addition to low and falling approval rates, a growing number of planning refusals for onshore wind applications are being overturned on appeal, implying the original decision was unsound. Additionally, the time taken to secure a decision on an onshore wind application is growing significantly.

From January 2006 to September 2008 only 54% of local planning applications for wind farms were approved first time. A further 12pc were approved on appeal. There is also uneven treatment across the UK. The table below shows approval rates during this period:

Country	Per cent approved locally	Per cent approved on appeal
England	40pc	10pc
Wales	55pc	5pc
Scotland	58pc	20pc
Northern Ireland	98pc	n/a

Source: British Wind Energy Association

Since 2004 the approval rate for onshore wind farms has fallen from approximately 82pc to 69pc. During the same period, the average time from the filing of an application to a decision has increased from 13 months to 20 months for locally determined applications and from 14 months to 40 months for Section 36 applications (50MW+).

The time for decisions by appeal has increased from 13 months to 30 months. Appeals are becoming a larger issue as developers are losing faith with the local planning system and now regularly file appeals for non-determination as soon as the statutory decision deadline passes. This is overwhelming the planning inspectorate.

This worsening situation - of falling approval rates, increasing numbers of unsound decisions being over-turned on appeal and building backlogs of applications and



appeals – make the assumed approval rates in the pathways analysis extremely ambitious in our view, to the extent that it undermines its credibility.

The pathways work notes that the Government will introduce a new planning framework in due course and the Coalition Agreement pledges radical reform to give neighbourhoods more ability to determine the shape of the places where they live, based on the principles of the Open Source Planning publication. We welcome reform of the planning system, in particular proposals to give local communities a bigger stake in development through the retention of business rates. However, there is a significant risk that the proposals as set out in Open Source Planning could further reduce approval rates for onshore wind projects.

Whilst these potential issues will be examined during the new framework's parliamentary process, the credibility of trajectories one and two would be enhanced by a more realistic reflection of likely planning approval rates. We also believe that the challenge posed to the achievement of all trajectories are decidedly understated in the pathways work, with the risk that this issue is not properly recognised and addressed in the public debate that the Government plans to conduct around the revised analysis.

We suggest that a lower approval rate is assumed within trajectories one and two - with the resulting amendments to output - and that the challenges of achieving the higher approval rates necessary to deliver trajectories three and four are properly flagged within the analysis.

We would be happy to expand on any of these issues.



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