



### **Sustainable energy – a new sense of urgency?**

*The outcome of new proposals designed to meet sustainable energy targets could be upwards of 7,000 additional wind turbines by 2020. This is the order of investment required if the United Kingdom is to meet European Commission proposals.*

The Government helped to secure agreement to a binding target that 20% of the EU's energy should come from renewable sources by 2020 and the European Commission has proposed that 15% of all of the UK's energy requirements (electricity, heat and transport) should come from renewables by then.

While the current figure is less than 2% the UK is happy to work towards this goal believing that renewable energy has a critical role to play in meeting its two key energy policy challenges namely: tackling climate change; and ensuring security of energy supply.

This target is, to say the very least, ambitious and the Government's own independent Renewables Advisory Board (RAB) has reported that while the UK could generate 14% of its total energy from renewables by 2020 this will require radical policy changes being put into effect quickly.

The RAB has recommended accelerating grid studies, streamlined consenting processes, early introduction of revised support mechanisms and, most importantly, strong political leadership.

The report also sets out three possible options, each presenting its own further challenges, for addressing the remaining 1% namely:

- Installation of the Severn Barrage, half of which would count towards the 2020 target provided construction begins before 2016;
- A further 6GW of wind power, mostly offshore, bringing the total offshore capacity to about 24GW; and
- A further 30% increase in energy production from renewables in the built environment sector. In this particular regard there is to be further consultation later in the year looking at energy efficiency with a particular emphasis on households, and what can be done to improve the efficiency of the country's existing housing stock given that there would need to be a retrofitting to existing stock together with the installation of district wide heat networks.

In response, the Government launched its Renewable Energy Strategy Consultation on 26<sup>th</sup> June 2008 saying the aim is "to stimulate the market to deliver the necessary investment in the most cost effective way by providing a clear long term framework and removing the obstacles to increasing renewable generation - while ensuring that sustainability concerns are minimised". The consultation exercise closes on 26<sup>th</sup> September 2008.

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## Possible measures to facilitate a rapid expansion of renewables include:

- Encouraging up to 30-35% of our electricity to come from renewable sources by 2020;
- Introducing new financial incentives to encourage large increases in renewable heat;
- More effective financial support for microgeneration technologies in homes and buildings;
- Further improvements to the planning system with clearer strategies at regional level;
- The provision of incentives for new electricity grid infrastructure;
- Removing grid access as a barrier to renewable deployment;
- Exploiting energy from waste;
- Requiring all biofuels to meet strict sustainability criteria, to limit adverse impacts on food prices, or other social and environmental concerns;
- Encouraging the development of new renewable technologies; and
- Providing the necessary clear long-term policy framework.

The Government acknowledges that there will be “some associated cost” and that the extent of rises in utilities bills will depend on the cost of alternatives, particularly fossil fuels.

The benefits to business are though to include up to 160,000 new jobs in the renewable energy sector by 2020 and the Government's ambition is to ensure that as many of these jobs are based in the UK as possible. The consultation therefore seeks views on how to secure that the UK receives the maximum benefit from the rapid expansion of the renewable energy sector. Investors will however need reassurance that government is going to deliver if the business community is to contribute to these bold steps.

Following completion of this consultation, and once the final EU Directive implementing the target for EU renewable energy has been agreed (and, more importantly, the UK share decided) the UK Renewable Energy Strategy will be published in spring 2009.

The Government has already introduced measures to reduce planning consent barriers. The Planning Bill currently before Parliament proposes the establishment of the Infrastructure Planning Commission (IPC), a new independent commission to consider applications and take decisions on individual projects, thereby providing for a single comprehensive speedy consent regime removing the requirement for a whole host of consents to be obtained separately.

The difficulty however with this proposal in so far as windfarms are concerned, is that the threshold for referral to the IPC regime is 50 megawatts for onshore and 100 megawatts for offshore installations. Large numbers of onshore schemes do not trigger referral and these smaller schemes will still therefore fall to be considered by local planning authorities. That being the case and given both the rarity value of larger schemes and the time table for introduction of the reforms, the reality of the position is that significant numbers of renewable schemes will fall outside the ambit of the IPC.



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