

Ideas Wales

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Eluned Morgan: Green Jobs: what can the Assembly Government do?

1. energy policy can only be developed in an international context. The European level is at least as important at the UK level. The EU Electricity Directive sets out a pan-Union legal structure for the sale of energy, while also dealing with issues of fuel poverty and consumer rights. Britain has led the way in policy thinking in relation to energy poverty, influencing other countries and extending the agenda.
2. moreover, at the European level, energy policy is closely aligned with the drive for a green agenda to be seen, for example, in carbon emission reduction targets.
3. the UK Government's policy approach under New Labour was mixed. On the one hand, GB has a lamentable record in relation to renewables, with a long way to go if the 15% target by 2020 is to be reached. The DTI, in particular, remained a substantial source of resistance to progressive policy making, throughout the Labour years.
4. nevertheless, Tony Blair, in the latter period of his premiership, took some important decisions, for example, in committing the UK to the 20% carbon emission reduction targets.
5. energy policy is shaped not simply by geography or polity, but by a set of practical considerations, including:
 - security of supply issues. Recent experience of instability in Russian supplies of gas have led to a rethinking of the wider European dependency on such sources of supply, with Britain especially vulnerable.
 - Peak oil and political instability in the Middle East.
 - Climate change and the need for energy efficiency and demand reduction.
 - European competitiveness and the impact on business of 'polluter pays' principles
6. The position within Britain itself is complex. The stakes are high, with over £200 bn of investment expected within the next decade, in a sector dominated by six major players, four of what are foreign-owned. And energy is not just another commodity, but is a field which influences almost every aspect of life.
7. What, then about the Assembly?

- Jane Davidson has been an effective Minister, as a profile raiser, although having to operate within the curtailed powers of the Assembly in this area, e.g. in the retention of decision-making over 50 megawatt developments at Whitehall.
 - The Assembly Government's approach to economic policy doesn't always appear to recognise the scale of contribution made by major companies, in employment, investment and general economic activity. SMEs are important, of course, but the question has to be asked as to whether they provide the same return for effort, either in engagement or direct support.
 - Engagement between the Assembly Government and the energy sector is rarely holistic. It is hampered by the split in responsibilities between economic and environmental portfolios; it tends to focus on narrow specifics, such as fuel poverty, rather than the wider energy agenda.
 - There is an urgent need for a comprehensive strategy for engagement between the Assembly Government and the sector. This needs to be focussed on a set of key deliverables, with an 'attainability route' mapped out alongside any policy direction. The delivery of the policy has to be as important as its strategic elegance. All this argues for overall responsibility to be located in the First Minister's office.
8. Opportunities? The greatest opportunities lie in identifying what energy companies are going to be doing anyway, and then trying to extract maximum additional value from them. It means, for example, sweating the investment already planned for Baglan Bay and Pembrokeshire, to make progress on Assembly Government priorities at no extra cost. It means getting alongside smart meter installation, which is going to happen right across Wales, and work to maximise the additional impact which that roll out could deliver.
9. Future developments? Can the planning system be simplified, while still retaining proper democratic safeguards? Could local authorities be incentivised to work actively and positively with the sector through, for example, retention of a proportion of business rates realised as a consequence of energy investments? Can the IPC system be better aligned with devolved responsibilities? Can there be a stronger alignment between the skills needs of the sector and education provision in Wales? Could there be a further strengthening of the alignment between the R&D capacity of higher education in Wales and the needs of the sector?