

Key Projects Update

LEAD OFFICER: John Groves
REPORT AUTHOR: Steve Smith

Summary and Recommendation:

This paper provides a summary update of key projects relating to the Council's nuclear activities and Members are asked to note the current position and way forward.

1. NUCLEAR NEW BUILD

EDF Energy is still locked in negotiations with the government over terms for the contracts for difference (CfDs). Setting the rate for CfDs is critical to all nuclear new build projects as it will determine a guaranteed rate for energy production for the next 20 -30 years, therefore all nuclear new build developers are eagerly awaiting the outcome of these negotiations.

In a speech to Parliament on 27 June, chief secretary to the Treasury Danny Alexander outlined the government's infrastructure plan, which includes measures aimed at enabling up to £110 billion of private sector investment in electricity infrastructure by 2020. The plan includes the extension of the UK guarantees scheme by two years to December 2016. A guarantee under this scheme is expected to help EDF Energy to secure financing for its Hinkley Point C project at a lower rate than would be possible without government backing.

2. NORTH WEST COAST CONNECTIONS PROJECT

The National Grid is gearing up to start its second round of consultations outline routing and siting for the upgrading of the electricity grid. The Council has been working with the National Grid and the other affected Local Authorities as part of the North West Coast Connections project team, to ensure that their consultation strategy is effective and will engage with all members of the community.

The consultation is due to commence late Summer. The National Grid are coming to the Copeland Centre on **Wednesday the 11th September at 5 O' Clock** to brief Members on the proposed route corridors and their emerging preference. **All members are urged to attend** as this will be an emotive subject that affects the entire area.

The consultation itself will involve a newsletter being posted to 247,000 homes located approximately within 2km either side of the potential route corridors/siting.

There will be public consultation drop in events happening across the region in Autumn/Winter 2013 and will run for a 12 week period. Full information promoting events will appear in local media 2 weeks prior to the events and information is also available on the project website: www.northwestcoastconnections.com

3. WALNEY EXTENSION OFFSHORE WIND FARMS

The Walney Island Windfarm extension Development Consent Order (DCO) was submitted to the Planning Inspectorate on the 28th June, the inspectorate now has 28 days to review the application and to decide whether or not to accept it. During this time the Council has to respond on the Adequacy of Consultation (AoC) undertaken by the developer, DONG energy. The Council proposes to do a joint AoC response with the other Local Planning Authorities involved in the Planning Performance Agreement.

There has been no progress made on the issue of community benefits.

The proposed Community Benefit principles, devised by the Local Authorities, were presented and agreed by SNEB at the meeting on the 28th March 2013.

The PPA Authorities presented DONG with the Community Benefits proposal in March and suggested that benefits should be based on £1500 MW per annum over the operational life of the Windfarm¹, on the current scale this would amount to approximately 1.5million a year to be divided equally between Lancashire and Cumbrian communities.

The developer has made no commitment or given no indication of the level of Community Benefit they are willing to pay, however, they have stated:

“DONG Energy will include in the ES that, should the Project receive consent and proceed to construction, a community benefit scheme will be implemented. An independent charity or similar organisation would administer the fund for the benefit of local communities. Consultation on the operation of the scheme will take place with those communities prior to its implementation”

¹ Refer to Appendix One – Walney Windfarm Community Benefits Proposal

Appendix One

Community Benefits Proposals



DONG Energy Walney Extension (UK) Ltd
33 Grosvenor Place, London SW1X 7HY

6 March 2013

Dear Sirs

Walney Wind Farm Extension - Community Benefit Contribution Proposal

As discussed at your meeting with Local Authority officers on 13th February, we are writing to set out the Local Authorities' expectations of the scope of any community benefits package, if the Walney Wind Farm Extension Development Consent Order were to be approved by the Secretary of State.

Community Benefit Contributions (CBC) are contributions from a developer to communities for hosting a development in recognition of the significant long term impacts on the area. Community benefits are justified because the communities are significantly impacted by the development, but the benefits usually accrue elsewhere or provide a national benefit, such as energy supply. The offer of meaningful long term benefits to communities affected by wind farms is likely to help sustain public support and deliver the desired level of wind power development.

Community benefit is voluntary, sits outside the planning process and is separate from local impact mitigation and other contributions that are necessary to make the development acceptable in planning terms. The concept of CBC is common throughout the UK (there are also European and International examples) and has been offered in respect of numerous wind farm developments, both onshore and offshore.

The value of community benefit and the way it is calculated varies according to local circumstances, but it is usually agreed on the basis of a payment per megawatt of installed capacity. The table below includes a number of examples.

Offshore

Project	Size	Contribution	£ per MW	Other information
Rhyl Flats (RWE)	90 MW	£90,000 p.a., index linked (25 years)	£1,000	Administered by community partnership. Construction 2008.
North Hoyle (RWE)	60 MW	£60,000 p.a., index linked (25 years)	£1,000	Admin by local trust. Construction 2003
Robin Rigg (E-ON)	180 MW	£1 million over 10 years	£555	West Cumbria Fund
Gwynt y Mor (RWE)	576 MW	£768,000 p. a., index linked	£1,333	Consented 2008

Onshore

Project	Size	Contribution	£ per MW	Other information
The Isles, Newton Aycliffe (E-ON)	63.5 MW	£190,500 p. a., index linked	£3,000	
Pen y Cymoed (Vattenfall)	250 MW	£1,800,000 p. a. , plus £350,000 mountain bike trail & £3M habitat restoration	£7,200	
Little Cheyne Court (RWE)	60 MW	£60,000	£1,000	Fund started 2009

These case studies suggest that it is reasonable for Lancashire and Cumbrian communities to expect an index linked community benefit contribution from the developer of £1,500/MW per annum over the operational life of the offshore wind farm. This is seen as a transparent method of calculating the level of community benefit and allows the opportunity to renegotiate the various payments should the installed capacity change. Such funding provides a valuable long term, sustainable and reliable source of income for host communities. Communities that host the onshore (i.e. substation, cabling) and offshore (wind turbines and operational facilities) elements of the schemes should expect to receive an equal share of the benefit. Thus, we would envisage the funding to be split 50:50 between Lancashire and Cumbrian Communities. The benefit would be used to promote social, economic, environmental regeneration and sustainable energy related projects. In principle, we would seek to utilise existing bodies to manage the funds, in order to reduce administrative costs. Alternatively, (a) separate trust(s) could be established.

We would be willing to consider alternative mechanisms or approaches to the delivery of community benefit, provided that there is an equivalent scale of benefit and it is genuinely targeted at the communities impacted by the development. We would also wish to discuss the investment priorities for any fund that is established to reflect any corporate focus you may have for social and community responsibility.

This letter has the support of the relevant PPA local authorities. Barrow Borough Council, whilst not a signatory to this letter, also supports the principle of community benefit contributions being paid and would have a role in further discussions.

Please can you contact David Haughian, Strategic Programme Coordinator for Cumbria County Council, to arrange a meeting with Local Authority Officers to discuss the principles set out above.

Yours faithfully



Jim Savege
Cumbria County Council
Corporate Director Environment



Pat Graham
Copeland Borough Council
Director of Services



Phil Halsall
Lancashire County Council
Chief Executive



Andrew Dobson
Lancaster City Council
Head of Regeneration and Planning