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GENERAL COMMITTEES

Public Bill Committee

ENERGY BILL [*LORDS*]

Fifth Sitting

Tuesday 2 February 2016

(Afternoon)

CONTENTS

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STRICT ADHERENCE TO THIS ARRANGEMENT WILL GREATLY FACILITATE THE PROMPT PUBLICATION OF THE BOUND VOLUMES OF PROCEEDINGS IN GENERAL COMMITTEES

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The Committee consisted of the following Members:

Chairs: Philip Davies, † Mr Adrian Bailey

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† Cartlidge, James *(South Suffolk)* (Con)
† Dowden, Oliver *(Hertsmere)* (Con)
† Fernandes, Suella *(Fareham)* (Con)
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Harpham, Harry *(Sheffield, Brightside and Hillsborough)* (Lab)
† Heaton-Harris, Chris *(Daventry)* (Con)
† Hoare, Simon *(North Dorset)* (Con)
† Kinnock, Stephen *(Aberavon)* (Lab)
† Leadsom, Andrea *(Minister of State, Department of Energy and Climate Change)*
† Lewis, Clive *(Norwich South)* (Lab)
† Lynch, Holly *(Halifax)* (Lab)
† McCaig, Callum *(Aberdeen South)* (SNP)
† Maynard, Paul *(Blackpool North and Cleveleys)* (Con)
† Pennycook, Matthew *(Greenwich and Woolwich)* (Lab)
† Reynolds, Jonathan *(Stalybridge and Hyde)* (Lab/Co-op)
† Smith, Julian *(Skipton and Ripon)* (Con)
† Sunak, Rishi *(Richmond (Yorks))* (Con)
† Warman, Matt *(Boston and Skegness)* (Con)
† Whitehead, Dr Alan *(Southampton, Test)* (Lab)

Katy Stout, Ben Williams, *Committee Clerks*

† attended the Committee

Public Bill Committee

Tuesday 2 February 2016

(Afternoon)

[Mr Adrian Bailey *in the Chair*]

Energy Bill [*Lords*]

Clause 83

Commencement

Amendment proposed (this day): 5, in clause 83, page 48, line 2, leave out "This Part comes" and insert

"Sections [Onshore wind power: closure of renewables obligation on 31 March 2016], [Onshore wind power: circumstances in which certificates may be issued after 31 March 2016] and [Use of Northern Ireland certificates: onshore wind power] and this Part come"—*(Andrea Leadsom.)*

This Amendment provides for New Clauses 1, 2 and 3 to come into force on Royal Assent of the Energy Bill.

2 pm

Question again proposed, That the amendment be made.

The Chair: I remind the Committee that with this we are discussing the following:

Government new clause 1—*Onshore wind power: closure of renewables obligation on 31 March 2016*.

Government new clause 2—*Onshore wind power: circumstances in which certificates may be issued after 31 March 2016*—

'(1) Part 1 of the Electricity Act 1989 (electricity supply) is amended as follows.

(2) After section 32LC (inserted by section [Onshore wind power: closure of renewables obligation on 31 March 2016]) insert—

"32LD Onshore wind generating stations accredited, or additional capacity added, on or before 31 March 2016

The circumstances set out in this section are where the electricity is—

(a) generated by an onshore wind generating station which was accredited on or before 31 March 2016, and

(b) generated using—

(i) the original capacity of the station, or

(ii) additional capacity which in the Authority's view first formed part of the station on or before 31 March 2016.

32LE Onshore wind generating stations accredited, or additional capacity added, between 1 April 2016 and 31 March 2017: grid or radar delay condition met

The circumstances set out in this section are where the electricity is—

(a) generated using the original capacity of an onshore wind generating station—

(i) which was accredited during the period beginning with 1 April 2016 and ending with 31 March 2017, and

(ii) in respect of which the grid or radar delay condition is met, or

(b) generated using additional capacity of an onshore wind generating station, where—

(i) the station was accredited on or before 31 March 2016,

(ii) in the Authority's view, the additional capacity first formed part of the station during the period beginning with 1 April 2016 and ending with 31 March 2017, and

(iii) the grid or radar delay condition is met in respect of the additional capacity.

32LF Onshore wind generating stations accredited, or additional capacity added, on or before 31 March 2017: approved development condition met

The circumstances set out in this section are where the electricity is—

(a) generated using the original capacity of an onshore wind generating station—

(i) which was accredited on or before 31 March 2017, and

(b) generated using additional capacity of an onshore wind generating station, where—

(i) the station was accredited on or before 31 March 2016,

(iii) the approved development condition is met in respect of the additional capacity.

32LG Onshore wind generating stations accredited, or additional capacity added, between 1 April 2017 and 31 March 2018: grid or radar delay condition met

The circumstances set out in this section are where the electricity is—

(a) generated using the original capacity of an onshore wind generating station—

(i) which was accredited during the period beginning with 1 April 2017 and ending with 31 March 2018,

(ii) in respect of which the approved development condition is met, and

(b) generated using additional capacity of an onshore wind generating station, where—

(i) the station was accredited on or before 31 March 2016,

(iii) the approved development condition is met in respect of the additional capacity, and

32LH Onshore wind generating stations accredited, or additional capacity added, between 1 April 2017 and 31 December 2017: investment freezing condition met

The circumstances set out in this section are where the electricity is—

(a) generated using the original capacity of an onshore wind generating station—

(i) which was accredited during the period beginning with 1 April 2017 and ending with 31 December 2017, and

(b) generated using additional capacity of an onshore wind generating station, where—

(ii) in the Authority's view, the additional capacity first formed part of the station during the period beginning with 1 April 2017 and ending with 31 December 2017, and

32LI Onshore wind generating stations accredited, or additional capacity added, between 1 January 2018 and 31 December 2018: grid or radar delay condition met

The circumstances set out in this section are where the electricity is—

(a) generated using the original capacity of an onshore wind generating station—

(i) which was accredited during the period beginning with1 January 2018 and ending with 31 December 2018,

(ii) in respect of which both the approved development condition and the investment freezing condition are met, and

(iii) in respect of which the grid or radar delay condition is met, or

(b) generated using additional capacity of an onshore wind generating station, where—

(i) the station was accredited on or before 31 March 2016,

(ii) in the Authority's view, the additional capacity first formed part of the station during the period beginning with 1 January 2018 and ending with 31 December 2018,

(iii) both the approved development condition and the investment freezing condition are met in respect of the additional capacity, and

(iv) the grid or radar delay condition is met in respect of the additional capacity.

32LJ The approved development condition

'(1) This section applies for the purposes of sections 32LF to 32LI.

(2) The approved development condition is met in respect of an onshore wind generating station if the documents specified in subsections (4), (5) and (6) were provided to the Authority with the application for accreditation of the station.

(3) The approved development condition is met in respect of additional capacity if the documents specified in subsections (4), (5) and (6) were provided to the Authority on or before the date on which the Authority made its decision that the additional capacity could form part of an onshore wind generating station.

(4) The documents specified in this subsection are—

(a) evidence that—

(i) planning permission for the station or additional capacity was granted on or before 18 June 2015, and

(ii) any conditions as to the time period within which the development to which the permission relates must be begun have not been breached,

(b) evidence that—

(i) planning permission for the station or additional capacity was refused on or before 18 June 2015, but granted after that date following an appeal or judicial review, and

(ii) any conditions as to the time period within which the development to which the permission relates must be begun have not been breached,

(c) evidence that—

(ii) the period allowed under section 78(2) of the 1990 Act or (as the case may be) section 47(2) of the 1997 Act ended on or before 18 June 2015 without any of the things mentioned in section 78(2)(a) to (b) of the 1990 Act or section 47(2)(a) to (c) of the 1997 Act being done in respect of the application,

(iii) the application was not referred to the Secretary of State, Welsh Ministers or Scottish Ministers in accordance with directions given under section 77 of the 1990 Act or section 46 of the 1997 Act,

(iv) 1990 Act permission or 1997 Act permission was granted after 18 June 2015 following an appeal, and

(d) a declaration by the operator of the station that, to the best of the operator's knowledge and belief, planning permission is not required for the station or additional capacity.

(5) The documents specified in this subsection are—

(a) a copy of an offer from a licensed network operator made on or before 18 June 2015 to carry out grid works in relation to the station or additional capacity, and evidence that the offer was accepted on or before that date (whether or not the acceptance was subject to any conditions or other terms), or

(b) a declaration by the operator of the station that, to the best of the operator's knowledge and belief, no grid works were required to be carried out by a licensed network operator in order to enable the station to be commissioned or the additional capacity to form part of the station.

(6) The documents specified in this subsection are a declaration by the operator of the station that, to the best of the operator's knowledge and belief, as at 18 June 2015 a relevant developer of the station or additional capacity (or a person connected, within the meaning of section 1122 of the Corporation Tax Act 2010, with a relevant developer of the station or additional capacity)—

(a) was an owner or lessee of the land on which the station or additional capacity is situated,

(b) had entered into an agreement to purchase or lease the land on which the station or additional capacity is situated,

(c) had an option to purchase or to lease the land on which the station or additional capacity is situated, or

(d) was a party to an exclusivity agreement in relation to the land on which the station or additional capacity is situated.

(7) In this section—

"the 1990 Act" means the Town and Country Planning Act 1990;

"1990 Act permission" means planning permission under the 1990 Act (except outline planning permission, within the meaning of section 92 of that Act);

"the 1997 Act" means the Town and Country Planning (Scotland) Act 1997;

"1997 Act permission" means planning permission under the 1997 Act (except planning permission in principle, within the meaning of section 59 of that Act);

"exclusivity agreement", in relation to land, means an agreement by the owner or a lessee of the land not to permit any person (other than the persons identified in the agreement) to construct an onshore wind generating station on the land;

"planning permission" means—

(a) consent under section 36 of this Act,

(b) 1990 Act permission,

(c) 1997 Act permission, or

(d) development consent under the Planning Act 2008.

32LK The investment freezing condition

'(1) This section applies for the purposes of sections 32LH and 32LI.

(2) The investment freezing condition is met in respect of an onshore wind generating station if the documents specified in subsection (4) were provided to the Authority with the application for accreditation of the station.

(3) The investment freezing condition is met in respect of additional capacity if the documents specified in subsection (4) were provided to the Authority on or before the date on which the Authority made its decision that the additional capacity could form part of an onshore wind generating station.

(4) The documents specified in this subsection are—

(a) a declaration by the operator of the station that, to the best of the operator's knowledge and belief, as at the Royal Assent date—

(i) the relevant developer required funding from a recognised lender before the station could be commissioned or additional capacity could form part of the station,

(ii) a recognised lender was not prepared to provide that funding until enactment of the Energy Act 2016, because of uncertainty over whether the Act would be enacted or its wording if enacted, and

(iii) the station would have been commissioned, or the additional capacity would have formed part of the station, on or before 31 March 2017 if the funding had been provided before the Royal Assent date, and

(b) a letter or other document, dated on or before the date which is 28 days after the Royal Assent date, from a recognised lender confirming (whether or not the confirmation is subject to any conditions or other terms) that the lender was not prepared to provide funding in respect of the station or additional capacity until enactment of the Energy Act 2016, because of uncertainty over whether the Act would be enacted or its wording if enacted.

(5) In this section—

"recognised lender" means a provider of debt finance which has been issued with an investment grade credit rating by a registered credit rating agency;

"the Royal Assent date" means the date on which the Energy Act 2016 is passed.

(6) For the purposes of the definition of "recognised lender" in subsection (5)—

"investment grade credit rating" means a credit rating commonly understood by registered credit rating agencies to be investment grade;

"registered credit rating agency" means a credit rating agency registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and the Council of 16 September 2009 on credit rating agencies.

32LL The grid or radar delay condition

'(1) This section applies for the purposes of sections 32LE, 32LG and 32LI.

(2) The grid or radar delay condition is met in respect of an onshore wind generating station if, on or before the date on which the Authority made its decision to accredit the station, the documents specified in subsection (4), (5) or (6) were—

(a) submitted by the operator of the station, and

(b) received by the Authority.

(3) The grid or radar delay condition is met in respect of additional capacity if, on or before the date on which the Authority made its decision that the additional capacity could form part of an onshore wind generating station, the documents specified in subsection (4), (5) or (6) were—

(a) submitted by the operator of the station, and

(b) received by the Authority.

(4) The documents specified in this subsection are—

(a) evidence of an agreement with a network operator ("the relevant network operator") to carry out grid works in relation to the station or additional capacity ("the relevant grid works");

(b) a copy of a document written by, or on behalf of, the relevant network operator which estimated or set a date for completion of the relevant grid works ("the planned grid works completion date") which was no later than the primary date;

(c) a letter from the relevant network operator confirming (whether or not such confirmation is subject to any conditions or other terms) that—

(i) the relevant grid works were completed after the planned grid works completion date, and

(ii) in the relevant network operator's opinion, the failure to complete the relevant grid works on or before the planned grid works completion date was not due to any breach by a generating station developer of any agreement with the relevant network operator; and

(d) a declaration by the operator of the station that, to the best of the operator's knowledge and belief, the station would have been commissioned, or the additional capacity would have formed part of the station, on or before the primary date if the relevant grid works had been completed on or before the planned grid works completion date.

(5) The documents specified in this subsection are—

(a) evidence of an agreement between a generating station developer and a person who is not a generating station developer ("the radar works agreement") for the carrying out of radar works ("the relevant radar works");

(b) a copy of a document written by, or on behalf of, a party to the radar works agreement (other than a generating station developer) which estimated or set a date for completion of the relevant radar works ("the planned radar works completion date") which was no later than the primary date;

(c) a letter from a party to the radar works agreement (other than a generating station developer) confirming, whether or not such confirmation is subject to any conditions or other terms, that—

(i) the relevant radar works were completed after the planned radar works completion date, and

(ii) in that party's opinion, the failure to complete the relevant radar works on or before the planned radar works completion date was not due to any breach of the radar works agreement by a generating station developer; and

(d) a declaration by the operator of the station that, to the best of the operator's knowledge and belief, the station would have been commissioned, or the additional capacity would have formed part of the station, on or before the primary date if the relevant radar works had been completed on or before the planned radar works completion date.

(6) The documents specified in this subsection are—

(a) the documents specified in subsection (4)(a), (b) and (c);

(b) the documents specified in subsection (5)(a), (b) and (c); and

(c) a declaration by the operator of the station that, to the best of the operator's knowledge and belief, the station would have been commissioned, or the additional capacity would have formed part of the station, on or before the primary date if—

(i) the relevant grid works had been completed on or before the planned grid works completion date, and

(ii) the relevant radar works had been completed on or before the planned radar works completion date.

(7) In this section "the primary date" means—

(a) in a case within section 32LE(a)(i) or (b)(i) and (ii), 31 March 2016;

(b) in a case within section 32LG(a)(i) and (ii) or (b)(i) to (iii), 31 March 2017;

(c) in a case within section 32LI(a)(i) and (ii) or (b)(i) to (iii), 31 December 2017."

(3) In section 32M (interpretation of sections 32 to 32M)—

(a) in subsection (1), for "32LB" substitute "32LL";

(b) at the appropriate places insert the following definitions—

""accredited", in relation to an onshore wind generating station, means accredited by the Authority as a generating station which is capable of generating electricity from renewable sources; and "accredit" and "accreditation" are to be construed accordingly;";

""additional capacity", in relation to an onshore wind generating station, means any generating capacity which does not form part of the original capacity of the station;";

""commissioned", in relation to an onshore wind generating station, means having completed such procedures and tests in relation to the station as constitute, at the time they are undertaken, the usual industry standards and practices for commissioning that type of generating station in order to demonstrate that it is capable of commercial operation;";

""generating station developer", in relation to an onshore wind generating station or additional capacity, means—

(a) the operator of the station, or

(b) a person who arranged for the construction of the station or additional capacity;";

""grid works", in relation to an onshore wind generating station, means—

(a) the construction of a connection between the station and a transmission or distribution system for the purpose of enabling electricity to be conveyed from the station to the system, or

(b) the carrying out of modifications to a connection between the station and a transmission or distribution system for the purpose of enabling an increase in the amount of electricity that can be conveyed over that connection from the station to the system;";

""licensed network operator" means a distribution licence holder or a transmission licence holder;";

""network operator" means a distribution exemption holder, a distribution licence holder or a transmission licence holder;";

""onshore wind generating station" has the meaning given by section32LC(2);";

""original capacity", in relation to an onshore wind generating station, means the generating capacity of the station as accredited;";

""radar works" means—

(a) the construction of a radar station,

(b) the installation of radar equipment,

(c) the carrying out of modifications to a radar station or radar equipment, or

(d) the testing of a radar station or radar equipment;";

""relevant developer", in relation to an onshore wind generating station or additional capacity, means a person who—

(a) applied for planning permission for the station or additional capacity,

(b) arranged for grid works to be carried out in relation tothe station or additional capacity,

(c) arranged for the construction of any part of the station or additional capacity,

(d) constructed any part of the station or additional capacity, or

(e) operates, or proposes to operate, the station;"."

This New Clause provides for cases in which renewables obligation certificates may continue to be issued in respect of electricity generated after 31 March 2016 by onshore wind generating stations in England, Wales or Scotland, despite the general closure effected by New Clause NC1. The cases are those described in the new sections 32LD to 32LI of the Electricity Act 1989.

Amendment (b) to Government new clause 2, in new section 32LJ(4)(b)(i), leave out "planning permission" and insert

"an application for 1990 Act permission or 1997 Act permission".

Amendment (c) to Government new clause 2, in new section 32LJ(4)(b)(i), leave out "or judicial review".

Amendment (d) to Government new clause 2, in new section 32LJ(4)(c)(ii), after the second "Act", insert

"(excluding an extension agreed for the purposes of section 78(2) of the 1990 Act or section 47(2) of the 1997 Act)".

Amendment (e) to Government new clause 2, in new section 32LJ(4)(c)(ii), leave out new section 32LJ(4)(c)(iii).

Amendment (f) to Government new clause 2, in new section 32LJ(4)(c)(iv), leave out "following an appeal" and insert

"or after a decision made by the Secretary of State, Welsh Ministers or Scottish Ministers following directions given under section 77 of the 1990 Act or section 46 of the 1997 Act, and".

This amendment covers cases where the statutory period for the determination of planning applications expired on or before 18 June 2015, but where a time extension had been agreed between the developer and the Planning Authority. It would also address cases in which a project's statutory period for the determination of planning applications expired on or before 18 June 2015, and which are subsequently "called in" by a relevant Minister and approved.

Amendment (a) to Government new clause 2, in new section 32LJ(4) at end insert—

"(da) evidence that either—

(i) a grant of planning permission was resolved by the relevant planning authority on or before 18 June 2015,

(ii) planning permission was granted after 18 June 2015 but not later than 18 September 2015, or

(iii) planning permission, consent or development consent was granted after 18 June 2015 under section 73 of the 1990 Act, section 42 of the 1997 Act, section 36(C) of this Act, or under the Planning Act 2008 varying a planning permission, consent or development consent granted on or before 18 June 2015,

(db) evidence that—

any condition as to the time period within which the development to which the permission relates must be begun have not been breached."

This amendment would include schemes within the grace period that have received planning consent from local planning authorities by the relevant date, but have not received final documentation, providing that final documentation is received by three months after this date.

Amendment (h) to Government new clause 2, in new section 32LJ(4), at end insert—

"() evidence that—

(i) an application for 1990 Act permission or 1997 Act permission was made on or before 18 June 2015 for the station or additional capacity,

(ii) the period allowed under section 78(2) of the 1990 Act or (as the case may be) section 47(2) of the 1997 Act (excluding an extension agreed for the purposes of section 78(2) of the 1990 Act or section 47(2) of the 1997 Act) ended on or before 18 June 2015 without the things mentioned in section 78(2)(a) or (aa) of the 1990 Act or section 47(2)(a) or (b) of the 1997 Act being done in respect of the application,

(iii) the application was referred to the Secretary of State, Welsh Ministers or Scottish Ministers in accordance with directions given under section 77 of the 1990 Act or section 46 of the 1997 Act,

(iv) 1990 Act permission or 1997 Act permission was granted after 18 June 2015, and

(v) any conditions as to the time period within which the development to which the permission relates must be begun have not been breached."

Amendment (i) to Government new clause 2, in new section 32LJ(4), at end insert—

"() evidence that—

(i) an application for 1990 Act permission or 1997 Act permission was made on or before 18 June 2015 for the station or for additional capacity,

(ii) the relevant planning authority resolved to grant 1990 Act permission or 1997 Act permission on or before 18 June 2015,

(iii) 1990 Act permission or 1997 Act permission was granted after 18 June 2015, and

(iv) any conditions as to the time period within which the development to which the permission relates must be begun have not been breached."

Amendment (j) to Government new clause 2, in new section 32LJ(4), at end insert—

"() evidence that—

(i) an application for consent for the station or for additional capacity was made under section 36 of this Act,

(ii) the consultation period prescribed by Regulations made under paragraphs 2(3) or 3(1)(c) of Schedule 8 to this Act had expired on or before 18 June 2015,

(iii) the Secretary of State caused a public inquiry to be held under paragraph 2(2) or 3(3) of Schedule 8 to this Act or decided that a public inquiry need not be held,

(iv) consent was granted by the Secretary of State after 18 June 2015, and

(v) any conditions as to the time period within which the development to which the permission relates must be begun have not been breached."

Amendment (k) to Government new clause 2, in new section 32LJ(4), at end insert—

"() evidence that—

(i) an application for development consent for the station or for additional capacity was made under section 37 of the Planning Act 2008,

(ii) the deadline for receipt of representations under section 56(4) of the Planning Act 2008 had expired on or before 18 June 2015,

(iii) consent was granted by the Secretary of State after 18 June 2015, and

(iv) any conditions as to the time period within which the development to which the permission relates must be begun have not been breached."

Amendment (l) to Government new clause 2, in new section 32LJ(4), at end insert—

"() evidence that—

(i) planning permission for the station or additional capacity was granted on or before 18 June 2015,

(ii) planning permission under sections 73, 90(2), 90(2ZA) or 96A of the 1990 Act or sections 42, 57(2), 57(2ZA) or 64 of the 1997 Act, a consent under section 36C of this Act, or an order under section 153 of, and paragraph 2 or 3 of Schedule 6 to, the Planning Act 2008 varying the planning permission under Clause 32LJ(4)(i)(i) was granted after 18 June 2015, and

(iii) any conditions as to the time period within which the development to which the permission relates must be begun have not been breached."

Amendment (m) to Government new clause 2, in new section 32LJ(4), at end insert—

"() evidence that—

(i) 1990 Act permission or 1997 Act permission for the station or additional capacity was granted on or before 18 June 2015,

(ii) consent under section 36 of this Act that permits a greater capacity for the station than that permitted by the planning permission under Clause 32LJ(4)(j)(i) was granted after 18 June 2015, and

(iii) any conditions as to the time period within which the development to which the permission relates must be begun have not been breached."

Amendment (n) to Government new clause 2, in new section 32LJ(4), at end insert—

"() evidence that—

(i) planning permission for the station or additional capacity was granted on or before 18 June 2015,

(ii) planning permission under Clause 32LJ(4)(k)(i) was superseded by a subsequent planning permission granted after 18 June 2015 permitting a station with the same or a lower capacity than that granted under the planning permission referred to in Clause 32LJ(4)(k)(i), and

(iii) any conditions as to the time period within which the development to which the permission relates must be begun have not been breached."

Amendment (o) to Government new clause 2, in new section 32LJ(4), at end insert—

"() evidence that—

(i) planning permission for the station or additional capacity was granted or refused on or before 18 June 2015, and was subsequently confirmed or granted after that date following a statutory challenge under section 288 of the 1990 Act, section 237 of the 1997 Act or section 118 of the Planning Act 2008, or following a judicial review, and

(ii) any conditions as to the time period within which the development to which the permission relates must be begun have not been breached."

Amendment (p) to Government new clause 2, leave out new section 32LJ(5)(a) and insert—

"(a) evidence of an agreement with a network operator to carry out grid works in relation to the station or additional capacity and was originally made on or before 18 June 2015 notwithstanding the fact that may have subsequently been amended or modified, and

"(ab) a copy of a document written by, or on behalf of, the network operator which estimated or set a date for completion of the grid works which was no later than 31 March 2017; or"

Amendment (q) to Government new clause 2, in new section 32LJ(7), after

"section 92 of that Act);",

insert

"and includes planning permission deemed to be granted in accordance with section 90 of that Act."

Amendment (r) to Government new clause 2, in new section 32LJ(7), after

"section 59 of that Act);",

insert

"and includes planning permission deemed to be granted in accordance with section 57 of that Act."

Amendment (s) to Government new clause 2, in new section 32LK(4)(a)(i), leave out "from a recognised lender".

Amendment (t) to Government new clause 2, in new section 32LK(5), leave out from "means a provider" to "credit rating agency;" and insert—

"means a bank or financial institution or trust or fund or other financial entity which is regulated by the relevant jurisdiction and which is engaged in making, purchasing or investing in loans, securities or other financial instruments."

Amendment (u) to Government new clause 2, leave out new section 32LK(6).

New clause 3—*Use of Northern Ireland certificates: onshore wind power*—

'(1) The Electricity Act 1989 is amended as follows.

(2) Before section 32M insert—

"**32LM Use of Northern Ireland certificates: onshore wind power**

(1) The Secretary of State may make regulations providing that an electricity supplier may not discharge its renewables obligation (or its obligation in relation to a particular period) by the production to the Authority of a relevant Northern Ireland certificate, except in the circumstances, and to the extent, specified in the regulations.

(2) A "relevant Northern Ireland certificate" is a Northern Ireland certificate issued in respect of electricity generated—

(a) after 31 March 2016 (or any later date specified in the regulations), and

(b) by a Northern Ireland onshore wind generating station accredited after 31 March 2016 (or any later date specified in the regulations).

(3) In this section—

"NIRO Order" means any order made under Articles 52 to 55F of the Energy (Northern Ireland) Order 2003;

"Northern Ireland certificate" means a renewables obligation certificate issued by the Northern Ireland authority under the Energy (Northern Ireland) Order 2003 and pursuant to a NIRO Order;

"Northern Ireland onshore wind generating station" means a generating station that—

(a) generates electricity from wind, and

(b) is situated in Northern Ireland, but not in waters in or adjacent to Northern Ireland up to the seaward limits of the territorial sea.

(4) Power to make provision in a renewables obligation order by virtue of section 32F (and any provision contained in such an order) is subject to provision contained in regulations under this section.

(5) This section is not otherwise to be taken as affecting power to make provision in a renewables obligation order.

(6) Regulations under this section may amend a renewables obligation order.

(7) Section 32K applies in relation to regulations under this section as it applies in relation to a renewables obligation order."

(3) In section 32M (interpretation)—

(a) in subsection (1), for "32LB" substitute "32LM";

(b) in subsection (7), for "32L" substitute "32LM"."

This New Clause allows the Secretary of State to make regulations preventing an electricity supplier in England, Wales or Scotland from using a renewables obligation certificate issued in Northern Ireland to discharge its renewables obligation, where the certificate was issued in respect of onshore wind power generated in Northern Ireland after 31 March 2016. The regulations can specify exceptions.

Amendment (a) to Government new clause 3, leave out new section 32LM(2)(a) and insert

"which—

(i) is a 33kV connected onshore wind generating station consented after 30 September 2015, or

(ii) a cluster connected onshore wind generating station consented after 31 October 2015"

New clause 15—*Onshore wind power: renewables obligation*—

The power to make a renewables obligation closure order in respect of electricity generated by an onshore wind generating station in Scotland may only be exercised by Scottish Ministers."

This new Clause would return to the Scottish Ministers the power to close the renewables obligation in relation to electricity generated by onshore wind generating stations in Scotland.

Dr Alan Whitehead (Southampton, Test) (Lab): The end of this morning's proceedings was a little like an episode of "Neighbours".

Julian Smith (Skipton and Ripon) (Con): A great show.

Dr Whitehead: Indeed, but one in which we do not get to know the dénouement until the next episode. The dénouement is, as the Minister will know, that the commitment in the Conservative manifesto was to end any new public subsidy for onshore wind. The question is whether that means new public subsidies, or public subsidy that previously existed but applies to new projects. Clearly, the renewables obligation is a long-standing subsidy and unless one places a very specific interpretation on that manifesto pledge, it is about new forthcoming subsidies and we should bear that in mind in our discussions.

The Minister of State, Department of Energy and Climate Change (Andrea Leadsom): I am excited to hear the question of the hon. Member for Southampton, Test. I had not anticipated that it would be that, simply on the grounds that, as I, my right hon. Friend the Secretary of State and many Members in Committee and on Second Reading have made absolutely clear, our manifesto commitment was to end subsidies for onshore wind early. I therefore say philosophically to the hon. Gentleman that, had we meant new subsidies we would have said "new subsidy schemes", which is the interpretation I think he wants to put on our manifesto commitment.

Let me be clear: the Government were elected with a clear manifesto commitment to end new subsidies for onshore wind and to ensure that local people have the final say on where onshore wind is built. I hope that hon. Members will accept that it is for the Government to agree what their manifesto commitments are. We have gone to great lengths to assure all hon. Members that what we meant was to close the subsidy early; we are not referring to new subsidy schemes. Had we meant schemes, we would have said schemes.

Jonathan Reynolds (Stalybridge and Hyde) (Lab/Co-op): I am curious about the relationship between the two parts of the Conservative pledge that the hon. Lady has just described—ending subsidy early but also making sure that local people have the final say on projects. Of course, the wording of the amendment means that those two positions are contradictory, because any local project that receives planning consent before 18 June

[Jonathan Reynolds]

under the proposed grace period could not go ahead. In other words, people have approved certain projects, but they will not go ahead because of the narrowness of the grace period in the amendment. Are those two positions not contradictory?

Andrea Leadsom: I welcome the hon. Gentleman. I think this is the first sitting of the Committee that he has been able to attend and it is good to see him here. He will appreciate that grace periods have to be set and a line has to be drawn somewhere. We have tried to accommodate the need for investor certainty and to be fair both to the businesses building onshore wind and to the consumers who are paying for them. We will get on to that in due course.

The first part of our manifesto commitment is now well on its way: clause 79, together with supporting secondary legislation, will ensure that the Secretary of State is no longer the primary decision maker for any onshore wind applications in England and Wales. New planning guidance for England, issued by my right hon. Friend the Minister for Communities and Local Government, complements this change by ensuring that local people have the final say on new onshore wind planning applications.

It is imperative that we deliver the second part of our manifesto commitment—to end new subsidies for onshore wind—to protect consumer bills and manage spending under the levy control framework. These amendments will ensure that we do exactly that by reinstating the provisions that were removed in the other place. We are committed to delivering our manifesto commitment while protecting investor confidence. It is my view that these provisions, including our grace period proposals, strike a fair balance between the public interest—including protecting consumer bills and ensuring the right mix of energy—and the interests of onshore wind developers and the wider industry.

At the end of April 2015, there were already 490 operational onshore wind farms in the UK, with an installed capacity of more than 8 GW—enough to power the equivalent of more than 4.5 million homes when the wind is blowing. That significant achievement was made possible only by providing consumer-funded subsidies. The Government estimate that in 2015-16, £850 million of support will go towards funding onshore wind across the UK, of which about £520 million, or approximately 60%, will fund Scottish onshore wind farms.

Recent levy control framework forecasts indicate that spending on low-carbon generation in 2020 will be £9.1 billion in 2012 prices. The Government previously set a limit of £7.6 billion, so the current forecast is already £1.5 billion above that, and additional costs would need to be met through increases to consumer energy bills. As my right hon. Friend the Secretary of State for Energy and Climate Change said on 18 January,

"New, clean technologies will be sustainable at the scale we need only if they are cheap enough."—[*Official Report*, 18 January 2016; Vol. 604, c. 1152.]

When costs come down, as they have for onshore wind and solar, consumer-funded support should, too.

Let me reassure all Committee members that we already have enough onshore wind in the pipeline to meet the projected 11 to 13 GW needed to meet our ambition of generating 30% of electricity from renewables by 2020. That 11 to 13 GW is the deployment range clearly set out in the electricity market reform delivery plan. It is our best estimate of what we need to meet our 2020 targets, compared with what we can afford under our low-carbon spending cap.

Matthew Pennycook (Greenwich and Woolwich) (Lab): Does the Minister accept that if we do not make up lost ground on heat and transport, we will have to do more on renewable electricity to meet our EU renewables target?

Andrea Leadsom: As the hon. Gentleman knows, there are separate binding targets for different types of renewable energy. He also knows that we are making good progress in meeting our targets. We expect to be within the deployment range for onshore wind that was projected in the electricity market reform plan.

If we do not implement the early closure proposals in these amendments, there is a risk that we will deploy beyond the range that we forecast. There is the potential for up to 7.1 GW of further onshore wind under the renewables obligation. Without action to close the renewables obligation early and manage the spending under the levy control framework, there is a risk of deploying beyond the delivery plan range, which would add more costs to consumer bills.

I remind the Committee that, as my right hon. Friend the Secretary of State for Energy and Climate Change said on 18 January,

"Subsidies should be temporary, not part of a permanent business model."—[*Official Report*, 18 January 2016; Vol. 604, c. 1152.]

That is what we seek to implement.

Dr Whitehead: May I press the Minister on her point that it is necessary, among other things, to cap the deployment of onshore wind, bearing in mind that we already have deployment over the EU 2020 renewables target? The legal target, the one for which we would get fined, is the overall target. The sub-targets, which relate to heat, transport and renewable energy, are not legal targets, but they are aspirations towards the legal target. Therefore, the consequences of whether one underperforms or overperforms in any particular sector relates only to the overall target. Overperforming in particular areas would actually make a positive contribution towards ensuring that we do not get fined as a result of not meeting the 2020 targets. Is that the Minister's understanding of how the targets work? If so, does she want to amend her point about how onshore may play a role in meeting them?

Andrea Leadsom: I guess that the hon. Gentleman makes the reasonable point that one could be traded for another, but the object of our renewables policy is not merely to avoid getting fined by the EU. I am quite sure that he does not mean to imply that that is the case. The idea is to decarbonise the UK economy. Yes, we could decide to take one route only and therefore not worry about other sectors such as transport and heat, but I am quite sure that the hon. Gentleman is not seriously suggesting that. Even if he were, it is absolutely still the case for the renewables sector that if we continue to offer generous bill payer subsidies, costs to consumers will continue to rise.

The policy was well thought through and had deployment ranges that forecast the achievement that we sought against our legally binding targets. We believe that we are in a position to meet the target with onshore wind. Simply saying, "We should carry on with it because we can do more than we set out to do," is not a way to run anything, so I cannot agree with the hon. Gentleman that it would make sense to continue with subsidies at the expense of bill payers. This is not free money. We frequently discuss in the Chamber the problem of people being in fuel poverty and those are the people who will have to keep paying for subsidies if we choose to deploy beyond the level that we have already set for ourselves.

Jonathan Reynolds: The Minister's representation of the points is incorrect. The argument is not that we are doing well and should therefore do more; it is that there is an overall renewables target for the UK that comprises certain percentages of electricity, heat and transport and we are nowhere near the heat or transport targets. If we are doing better on electricity, doing more is essential in order to hit our legally binding target. It is not about voluntarily doing more; it is about recognising that there will have to be compensation in other sectors if we are behind on heat and transport, which is a fact under our EU target.

Andrea Leadsom: I remind the hon. Gentleman that, in making progress towards our 2020 renewables target of 15%, we have surpassed our interim target for 2013 and 2014 with an average 6.3% of final energy consumption coming from renewable sources over those two years against a target of 5.4%. The contribution of renewables to energy generation is increasing across heat, electricity and transport. Heat from renewable sources increased by 4.6% during 2014. As hon. Members have pointed out, a record 19.1% of electricity generation came from renewables in 2014. Renewable biofuels for transport also rose by 14% during 2014.

I can again say to the Committee that we have targets for each of our energy sectors, and it is simply not realistic to say that just because onshore wind benefits from a generous subsidy and other projects could come forward, we should change our deployment target aspirations, putting the ensuing costs on to consumers' bills at a time when we are already comfortably meeting our targets.

Dr Whitehead *rose—*

Andrea Leadsom: I want to make some progress. We have discussed this point and I have given hon. Members the chance to give their views, but I have been clear that I do not agree that we should overcompensate on electricity generation.

We are mindful of the proposals' potential impact on industry and of the need to protect investor confidence, which is why we have been listening and continue to listen closely to what people have to say. In fact, the grace period provisions, which were first tabled in the other place and have been re-tabled for debate here today, have been developed directly in response to industry feedback on our proposals. We must move forward with these proposals, not only to protect consumers but to provide much-needed certainty to both onshore wind developers and investors. I will now speak about each Government amendment in turn.

2.15 pm

Amendment 5, which deals with the commencement of the early closure, simply seeks to ensure that the provisions set out in new clauses 1 and 2—as well as in new clause 3, which we will debate shortly—will come into force on Royal Assent.

Regarding new clause 1, on early closure, I have made it clear that, to deliver on the manifesto commitment, the Government intend to close the renewables obligation to new onshore wind in Great Britain after 31 March 2016, one year earlier than was previously planned. New clause 1 implements this commitment. To protect investor confidence, we proposed a grace period for those projects meeting certain conditions as at 18 June. This would allow such projects to continue to seek accreditation under the RO after the early closure date.

New clause 2 is on the core grace period criteria. As outlined in the statement by my right hon. Friend the Secretary of State for Energy and Climate Change on 18 June 2015, the grace period conditions in new clause 2 are intended to protect those projects that already had by that date the following: one, relevant planning consents; two, a grid connection offer and acceptance of that offer, or confirmation that no grid connection is required; and, three, access to land rights.

In addition, and to address feedback from industry, certain projects that have been granted planning permission following a successful appeal will also be eligible for the grace period. They will include those projects that, as a result of a judicial review or an appeal, have had a negative planning decision that was made on or before 18 June 2015 overturned. These key grace period terms are referred to in the clause as the "approved development condition".

We have also taken on board concerns raised by industry about an investment freeze. Following industry engagement after the 18 June announcement, we have seen evidence that certain projects are experiencing difficulty in securing funding. This is due to the legislative uncertainty caused by the Bill's passage through Parliament. Therefore, we have sought to resolve this issue through the "investment freezing condition", which is set out in the Government amendments. This condition will ensure that projects that meet the grace period criteria, and that otherwise would have been able to commission and accredit under the RO by 31 March 2017, are not frozen out of the process. The amendment seeks to offer those projects that meet the approved development condition additional time to seek accreditation where they can demonstrate that they also satisfy the investment freezing condition.

The investment freezing condition has been designed specifically to protect the projects that were intended to be able to access the grace period as proposed on 18 June, but which have been unable to secure funding pending Royal Assent due to legislative uncertainty. Indeed, feedback we have received from industry representatives to date suggests that they support and welcome such a measure.

We want to provide a consistent approach to all onshore wind projects eligible to accredit under the RO, so we are also seeking to ensure, through these Government amendments, that a pre-existing grace period for delays caused by grid or radar works will continue to apply.

Let me reiterate, so that there is no ambiguity, that this is a manifesto commitment based on plans that we signalled before the election. Following that election, we now have a clear mandate to act on our manifesto commitments. I therefore hope it is clear that the Government amendments that we are debating today deliver our manifesto commitment, taking steps to protect consumer bills and manage our spend within the levy control framework, while also balancing the interests of industry.

I will now set out the rationale for including new clause 3, which is relevant to Northern Ireland. I would like to see an equivalent approach to renewables obligation closure to onshore wind taken across the UK. This would provide consistency to industry and would protect consumer bills. My Department has engaged at length with our Northern Irish counterparts to discuss the best way of delivering closure of the RO in Northern Ireland on equivalent terms to those being proposed in Great Britain. However, the terms of closure in Northern Ireland are ultimately a decision for the Northern Ireland Assembly, under its devolved powers.

It is the Government's position that consumers in Great Britain should not bear the cost of Northern Ireland providing additional support to onshore wind. We have been clear about that throughout the drafting of the policy. To be clear: it is my position that if Northern Ireland does provide additional support to onshore wind, Northern Ireland should bear the cost. The clause is intended to ensure that that is the case, and that any additional support that Northern Ireland chooses to provide to onshore wind is not funded by consumers in Great Britain. I reassure Members that the power in the clause would be exercised only if Northern Ireland decided not to close the Northern Ireland renewables obligation scheme on terms that are equivalent to Great Britain and there was therefore a risk that Great Britain consumers would face additional costs. It is a backstop power.

The drafting of the clause enables the Government to make regulations to specify that Northern Ireland renewable obligation certificates issued to stations accredited after closure in Great Britain will not be redeemable by Great Britain suppliers unless certain conditions are met. That should mean that the costs of any certificates issued to wind farms accredited after closure which do not meet the conditions are not passed on to consumers in Great Britain. The regulations will be drafted to set out the detail of the conditions in which Northern Ireland certificates can still be redeemed. We intend them to provide for grace-period conditions on terms that we consider equivalent to those that apply in Great Britain. The power cannot be exercised to exclude all Northern Ireland renewable obligation certificates; it can be used only to exclude certificates relating to new Northern Ireland onshore wind stations after the closure date in Great Britain.

The clause is about protecting consumers in Great Britain from the costs of any additional support that Northern Ireland might chose to provide to onshore wind. It is my hope that the Government will not need to use the power. I continue to engage with Northern Ireland Ministers with a view to effecting closure on terms that are equivalent to Great Britain through Northern Irish legislation. Alternatively, I shall look to obtain assurance that they will legislate to ensure that consumers in Northern Ireland fund the cost of any additional support that they choose to provide. Without clarity on either of those points, it is essential that we include this backstop power with a view to protecting bill payers in Great Britain and delivering on our manifesto commitment to end new subsidies to onshore wind.

I hope it is clear from all those detailed considerations and our continued engagement on this policy that the clause and new clauses will deliver our manifesto commitment fairly and cost-effectively, so I commend them to the Committee.

Clive Lewis (Norwich South) (Lab): I thank the Minister for her comments. I shall speak against Government new clauses 1, 2 and 3.

Throughout the debate on the Bill—in Committee, on Second Reading and in the other place—we have heard that Government decisions on energy policy, particularly with regard to renewables, have had a corrosive effect on investor confidence. It is appropriate to go through the list again, because it is quite despicable: the solar subsidy has been cut by 64%; the biomass subsidy has been cut; the biogas subsidy has been cut; the green deal has been scrapped; the renewables exemption from the climate change levy has been ended; and support for community renewable energy products has been slashed.

Rishi Sunak (Richmond (Yorks)) (Con): *rose—*

Oliver Dowden (Hertsmere) (Con) *rose—*

Clive Lewis: I will make some progress through the list before giving way. The Government are attempting to sell off the Green Investment Bank and have baled out of their manifesto commitment by cutting £1 billion from carbon capture and storage. The list goes on. The early closure of the renewables obligations is the next chapter in the long, sorry list that I have just read out.

Oliver Dowden: The hon. Gentleman missed out a few things from his list—for example, the fact that 98% of solar panels were introduced under this Government; or that wind power, which has trebled under this Government, is set to increase by another 50%; or that we are on course to meet our 30% renewables target; or that we have doubled investment in renewables. Perhaps the next time he reads out his list he can add those further points to provide some balance.

Clive Lewis: I will come back to that point. Let us have a look at the renewable energy country attractiveness index, which saw a major reshuffling of the 10 most attractive countries for renewable energy potential and growth. One of the biggest losers was the United Kingdom, which dropped out of the top 10 for the first time since the information was published back in 20013. It was specifically because

"a wave of policy announcements reducing or removing various forms of support for renewable energy projects has left investors and consumers baffled".

Rishi Sunak: I wonder whether the hon. Gentleman has seen the report from the Climate Action Network, which I understand is an umbrella group of dozens of NGOs involved in climate change, including Greenpeace and Friends of the Earth, which recently ranked Britain the second-best country in the world for tackling global warning, right behind Denmark, and represents a very strong commitment for tackling climate change. I would be interested in his thoughts on that.

Clive Lewis: I will come back to that. I am informed that it relates to climate change commitments, not the renewables that this Government and the previous coalition Government have invested in, or as my list just demonstrated, have been cutting left, right and centre. But let me give me you a counter quote from Neil Woodford, head of Equity Income, one of the best performing funds. In December 2014, he said:

"The electricity industry has for too long been the victim of a misguided, short-term and politically inspired policy mess. The Government has to be held to account for its policy decisions. As long as it (and its predecessors) believes that it can arbitrarily move goal posts in this way, without appropriate economic justification, the more likely it will be that the industry will continue to shun the necessary investment in electricity generation infrastructure that the economy so clearly needs."

Oliver Dowden: Will the hon. Gentleman give way?

Clive Lewis: I will push on. I have a few more of those chocolate sweets I might give away. If successful, the Government will be going back on their own legislation and closing the renewables obligation for onshore wind a year earlier on 1 April 2016, a date that will not be lost on any hon. Members here. If successful, the Government will have adversely singled out the most cost-effective, low-carbon technology available to us, at a time when the Secretary of State herself admits that the UK is on track to miss its legally blinding EU obligation on renewable energy by an estimated 50 TWh hours, a shortfall of almost 25%.

The Government's answer is ever more reliance on the EU emissions trading scheme—a scheme, as we have already heard while discussing clause 80, we need less reliance on in coming years, if we are to attain the most cost-effective pathway to our carbon budget commitments. So why is there an almost obsessive compulsion to attack one of the country's most successful renewable forms of energy?

The only answer I can glean from the debate so far is that it boils down to a few ambiguous lines in the Tory party manifesto which it is fair to question. It says:

"We will end any new public subsidy for onshore wind."

First, these are not public subsidies. Strictly speaking, the payments come out of bills, not the public purse. While the word "new" is also open to a broad interpretation, let us not forget that this is an existing, not a new subsidy—a subsidy that was already closing as part of the Energy Act 2013.

The Minister will also be aware of the huge amount of consensus and engagement with industry, proper consultation and pre-legislative scrutiny, that arrived at the 2017 wind-up day for the renewable obligation.

James Cartlidge (South Suffolk) (Con): Will the hon. Gentleman, my fellow East Anglian MP, give way?

Clive Lewis: Yes.

James Cartlidge: Is the hon. Gentleman suggesting that billpayers are volunteering that extra per cent?

Clive Lewis: I will come to the point about the cost to billpayers later in my speech. Even with the retrospective grace period the Government have announced, many renewables companies will be adversely affected. Michael Rieley, senior policy manager for Scottish Renewables, said:

"However, many of our members will be bitterly disappointed that ministers are not going to allow projects which have submitted planning applications to be given a grace period."

More importantly, as I have mentioned already, this retrospective chop-and-change approach by Government is damaging investor confidence in the wider energy sector.

Oliver Dowden: Will the hon. Gentleman give way to another East Anglian MP? *[Interruption.]* I do not agree with the designation but people at a higher pay grade have determined that.

Clive Lewis: I will give way.

Oliver Dowden: The hon. Gentleman talks about the poor investment record, and says that companies are being put off investment. Can he confirm that nearly £52 billion has been invested in renewables since 2010 when the Conservatives first came to power?

2.30 pm

Clive Lewis: I have no doubt that they have made that investment in renewables. However, I am talking about investor confidence. I will give an analogy of investor confidence. I was in the Army, where we orienteered by taking a reference point from something 100 or 200 metres away that we could see on our map. However, if you want to make the best progress—if you want to allow your men to make the best speed—you look at the far horizon, find a point and aim for it.

That is what this is about: investor confidence for the long-term future. What the Government have done, with one fell swoop, by trying to end the renewables obligation early, is say they can chop and change as they see fit for political motives. That sends the wrong signal to the market and investors.

Simon Hoare (North Dorset) (Con): I am grateful to the hon. Gentleman for being generous with his time. May I put to him this countervailing thought? The onshore wind sector is now very mature. It has got a good basis and is "proving its worth". Is the hon. Gentleman saying that it should always be subsidy-reliant?

I do not buy this lack of market confidence. Paris and everything else point to a decarbonisation of energy generation. Investors are not going to have that policy pulled from under their feet. That should give plenty of market confidence to the private sector and others to invest. To have them continually drip-fed public money, irrespective of which purse it is taken from, has to stop. If the market pretends to be surprised by that, the Government would be surprised, because our policy was trailed very well months in advance of the election.

Clive Lewis: I thank the hon. Members for their interventions. We are not talking about subsidies ad infinitum. We are just saying stick to the plan; that is all we are saying. Whether it is solar or wind energy, subsidy should be seen as a glide path. What the Government have done is chop the wings off. I have lists of quotes from investors who will say that this is not the best way forward.

A report last week from Bloomberg New Energy Finance research forecast that these measures will see the UK lose at least 1 GW of renewable energy generation,

[Clive Lewis]

enough to power 660,000 homes over the next five years. The figures suggest that after 2020 the renewables infrastructure will collapse to almost nothing because of a lack of investment.

David Hostert, the analyst behind the research, said:

"Without some form of change in policy support, we could see investment drop off a cliff after 2019."

Meanwhile, Maria McCaffery, chief executive of RenewableUK, said:

"The Government's decision to end prematurely financial support for onshore wind sends a chilling signal not just to the renewable energy industry, but to all investors right across the UK's infrastructure sectors. It means this Government is quite prepared to pull the rug from under the feet of investors even when this country desperately needs to clean up the way we generate electricity at the lowest possible cost—which is onshore wind. People's fuel bills will increase directly as a result of this Government's actions. If Government was really serious about ending subsidy it should be working with industry to help us bring costs down, not slamming the door on the lowest cost option."

I come back to the point on bills, Let us look at what this saves the average household. According to the Government's own assessment, the changes will save just 30p on consumer annual energy bills and increase the UK's carbon emissions by 63 million tonnes.

Ultimately, these measures are a backtracking, chaotic travesty. They make no sense, punish one of our most cost-effective and successful renewable industries and endanger this country's energy security by undermining investor confidence. As such, I urge the Minister to drop them.

Philip Boswell (Coatbridge, Chryston and Bellshill) (SNP): Tempted though I am to talk about solar, carbon capture and the Green Investment Bank, I will not go over issues that have been well covered in debate in both the Chamber and this Committee. Instead, I will focus on onshore wind.

As part of the Bill, the Government propose to close the renewables obligation to new onshore wind projects from April 2016, one year earlier than originally planned. As the only current mechanism that enables large-scale onshore wind to enter the power market, the proposed early closure of the RO poses a significant threat to the future of the onshore wind sector and the UK's growing green manufacturing, export and investment potential, while increasing the difficulty and cost associated with achieving our decarbonisation targets.

We agree that swift passage of the Bill with clear and consistent RO grace period provisions is needed in order to provide certainty to investors in the onshore wind sector as quickly as possible. The renewables industry fears that the longer legislative uncertainty over RO closure persists, the greater the risk of otherwise eligible projects running out of time to deliver under the proposed grace periods. We share the concerns of the hon. Member for Southampton, Test in that respect.

We thank the Government for having the foresight to include grace periods in relation to onshore wind projects, but feel that the grace periods put forward by the Government do not quite fulfil the Conservative party's own manifesto promise, and we urge further consideration in that respect. Both the Minister herself and the hon. Member for Daventry have spoken in this Committee of the manifesto commitment to ending "any new public subsidy" and allowing local people to "have the final say".

Indeed, the Minister stated clearly her intent at the Energy and Climate Change Committee of 20 October 2015, when she pointed out that the primary purpose of the grace periods was ensuring,

"that those who have spent money in a significant investment and achieved everything technically to meet the cut-off date, but through reasons beyond their control have not actually made it, are not penalised for reasons beyond their control".

The Conservatives have perhaps been true to their word on the first point, but by closing the RO one year early, they are not necessarily allowing the people in Scotland, Northern Ireland, Wales and England who have agreed to site wind farms in their area to have the final say unless, as a minimum, more comprehensive grace periods are implemented. We see much cross-party support in this House for such a consideration.

I would like to take this opportunity to thank Ben Williams and Katy Stout of the Department of Chamber and Committee Services for assisting us in the inclusion of such a complex set of amendments. While I am on the subject of the extremely rare occasion when a Member of Parliament gives praise where it is actually due, instead of taking it for himself, I would also like to thank Scottish Renewables, RenewableUK and Energy UK, among others, for their significant contributions in respect of these amendments.

I apologise to the Committee in advance, but I would like to take some time to put on record a detailed explanation of the intent of each amendment, which should assist our collective decision-making process. Amendments (b) to (r) relate to new section 32LJ of the Electricity Act 1989, inserted by new clause 2, on the approved development condition. The new section sets out the Government's grace period criteria for projects that may receive renewables obligation certificates after the 31 March 2016 deadline. However, the current grace periods do not cover a number of circumstances in which an onshore wind developer could reasonably have been expected to continue to receive support under the ROC regime but are excluded because of the 18 June 2015 deadline.

Amendments (b) and (c) are technical and are required to fix inconsistencies so that all of the amendments, taken as a whole, make sense when read together with the existing legislation. Amendment (b) is required because of the definition of planning permission in new section 32LJ(7). The grace period condition covers appeals and can therefore only cover applications under the Town and Country Planning Act 1990 and the Town and Country Planning (Scotland) Act 1997, since a right of appeal only arises in respect of such applications. The amendment limits the application of the grace period condition to such cases. Amendment (c) is required because amendment (o) now covers judicial review cases and there is therefore no need to refer to judicial review within new section 32LJ(4)(b)(i).

Amendments (d) and (f) ensure the availability of the grace periods to cases of non-determination, whereby the statutory period for the determination of a planning application expired on or before 18 June 2015, but where a time extension had been agreed between the developer and the planning authority which expired after 18 June. Amendment (d) covers examples of projects which receive permission after 18 June 2015 following a non-determination appeal, where extension of time for determination has been agreed following the expiry of

the statutory period before 18 June. However, it does not benefit projects where an extension of time has been agreed and which subsequently received planning permission without an appeal. Amendment (f) is, therefore, required to cover projects where an extension of time has been agreed and which subsequently received local planning permission without an appeal.

These amendments are fair because they avoid penalising developers who seek to negotiate with a planning authority rather than appealing for non-determination immediately following the end of the statutory time period for such a determination. A case study for this would be the Binn Eco Park, Perthshire, for which I am happy to provide a synopsis, should one be required.

Amendment (h) ensures the availability of grace periods to cases where an application has been called in by Ministers. The amendment covers the situation where the statutory period for the determination of the planning application expired on or before 18 June but the application was referred to the Secretary of State, Welsh Ministers or Scottish Ministers and was subsequently granted after 18 June. The amendment is necessary to ensure that projects for which an application for planning permission was submitted within sufficient time to allow a decision to have been granted prior to 18 June, but which were subsequently called in and then granted, are not unfairly prejudiced.

Amendment (i) covers the case of projects that have had local planning permissions resolved on or before 18 June but were technically granted by the planning authority after that date. This amendment is fair because it covers projects where there was approval by the local planning committee on or before 18 June 2015 but an official written consent notice was given after that date. There are a number of projects where recommendations to approve were made prior to 18 June but delays stemming from pre-election purdah or resource constraints in local authorities meant that projects did not receive final consent or a full committee resolution until after this point. A great deal of investment will have gone into projects in good faith and without foreknowledge of the cut-off point of 18 June. A case study would be Twentyshilling Hill, Dumfries and Galloway, which is, of course, in the constituency of our Scottish Conservative MP, the right hon. Member for Dumfriesshire, Clydesdale and Tweeddale.

Amendment (j) covers applications for section 36 consent made before 18 June, where the consultation period for local authorities and others had expired on or before 18 June. Industry believes this amendment should address a significant anomaly over eligibility for projects consented under the section 36 regime, compared to those consented under the Town and Country Planning Act 1990 and the Town and Country Planning (Scotland) Act 1997 regimes. Under section 36 of the 1989 Act, the relevant planning authority is not the decision taker but can object to the proposal, after which there must be a public inquiry and then a decision by the Secretary of State or devolved Minister, as appropriate. This process is analogous in practice to a refusal under local planning, followed by an appeal. While the Government's grace period provisions, as drafted, would allow a successful appeal after 18 June to become eligible for the grace period, the provisions do not cover this analogous situation under section 36. This means that small extensions of larger sites, which must follow the section 36 route, are, in particular, treated disadvantageously in respect of grace period eligibility compared to sub-50 MW stand-alone developments.

Sub-paragraph (iii) also reflects the need to provide for cases that do not go to inquiry but where the other provisions of the amendment apply, in addition to cases that do go to inquiry. Were this not to be included, section 36 applications ultimately issued permission without a local authority objection and without an inquiry would be penalised in comparison with those which did go to inquiry.

Amendment (k) covers applications for consent made under the Planning Act 2008 before 18 June and when a deadline for receipt of representations has passed on or before 18 June. The amendment ensures that projects requiring a development consent order are eligible for the grace period in the same circumstances as an equivalent project requiring a section 36 process.

2.45 pm

Amendments (l), (m) and (n)—I am getting there, I promise—apply in various ways to projects which have received planning consent before 18 June 2015 but which may subsequently seek to vary or modify that planning consent. It is not clear in the current legislation whether projects meeting the approved development condition as of 18 June 2015 but which subsequently have to modify their consent would be able to accredit under the grace period.

Simon Hoare: I fear that there is an inherent danger in the amendments. It is simply the conflation, which I think the planning process should quite specifically seek to avoid, of arguments surrounding financial viability, whether funded from the private or public sector, and whether a proposal dovetails with planning policies and the acceptability and suitability of a particular physical proposal. By trying to conflate the two, the hon. Gentleman puts an undue weight on the viability case, which local authorities will find very difficult to opine upon, and even a very casual review of planning inspectors' decisions would also suggest that the Planning Inspectorate itself finds it very difficult to balance the two as well.

Philip Boswell: I assure the hon. Gentleman that this is merely an attempt to clarify or articulate the position from a legislative perspective. It remains our firm intention that the decision remains, as per policy, with local authorities and local people.

Although statements from Ministers in the House of Lords have indicated that the Government intend for modified consents to remain eligible, clarity on this in the Bill would remove any doubt and allow investments to proceed. Amendment (l) provides for cases where a planning permission was granted on or before 18 June 2015, but where that planning permission has been varied under the provisions recorded in sub-paragraph (ii). Permissions under section 73 of the 1990 Act or section 42 of the 1997 Act are in law new permissions, and without this provision such further approvals based on permission granted before 18 June would be shut out from receiving a ROC. Deemed planning permission issued with section 36 consents can be varied under section 73 or 42, but there is a need to refer to section 90 of the 1990 Act and section 57 of the 1997 Act because they will be engaged on an application to vary section 36 consent under section 36C of the 1989 Act.

[Philip Boswell]

Amendment (m) ensures that applications to vary an existing 1990 Act or 1997 Act permission that was granted on or before 18 June, that may result in an increased capacity which takes the total generating capacity of the station above 50MW and must therefore be done by way of an application for a section 36 consent rather than by way of a variation of the 1990 Act or 1997 Act permission, will still qualify for the grace period. Amendment (n) ensures that a project is still eligible for the grace period where a planning permission granted on or before 18 June 2015 is superseded by a subsequent permission granted after 18 June 2015 for a generating station of the same or lower capacity on the same site.

Amendment (o) is a new amendment to cover judicial review and statutory challenges relating to planning permissions granted on or before 18 June 2015. It envisages that the planning permission which is ultimately granted or confirmed following court proceedings can be accredited under the RO. How much capacity may come through the door as a result of the amendment that can be easily quantified by reference to any proceedings now in the court.

It is common practice within the sector for grid agreements to be varied by parties after initial agreement. Amendment (p) will clarifies that, provided a grid connection agreement is in place by 18 June, eligibility for grace periods will not be affected by any subsequent variations of that agreement. So far, Ministers have been unable to provide sufficient clarity that subsequent alterations or replacement of agreements would be eligible for the grace period. If the Government intend projects in those circumstances to proceed with construction and be accredited under the RO, that should be made clear in the Bill, for the avoidance of any further doubt and further delays. Amendments (q) and (r) are intended to make it clear that deemed planning permission is included within the definition of permission in the 1990 Act and the 1997 Act, and thus fall within the definition of planning permission.

Our amendments (s), (t) and (u) relate to new section 32LK of the Electricity Act 1989, inserted by Government new clause 2, which sets out the criteria for projects that would be eligible to meet the investment freezing condition. This condition is necessary—I thank the Minister for her stated intention of respect—because the way that the Government have chosen to close the RO a year earlier than planned through primary legislation has caused so much uncertainty that some investors cannot have stopped investment in onshore wind projects until the Energy Bill receives Royal Assent.

Amendment (s) addresses an illogicality within new section 32LK(4)(a)(i). The Government-drafted amendment envisages a developer requiring funding from a recognised lender, a term which is defined in subsection (5). However, it must have been intended that the only condition should be that the relevant developer required funding from any source, hence the proposed deletion of the reference to a recognised lender in this clause.

Amendment (t) deletes certain words as they unnecessarily narrow the definition of "recognised lender". If the words proposed for deletion were included, they could exclude lenders who are new to the market and who have not previously given loans to onshore wind developers. Amendment (u) is consequential on amendment (t). The change proposed by amendment (t) removes the terms defined in subsection (6) from the definition of "recognised lender" so there is no longer any need to define those terms, making subsection (6) unnecessary.

I move on to new clause 3, and again I thank the Minister for her efforts and intents on new Northern Irish onshore wind. The new clause covers the development of wind generating stations in Northern Ireland. When the Energy Bill provisions were published, they related only to projects in Great Britain, because energy policy is devolved to Northern Ireland. Subsequently, Northern Ireland Ministers consulted on equivalent changes to the Northern Ireland renewables obligation, with cut-off dates for planning consent proportionate to this later consultation and notification date. Northern Ireland Ministers proposed setting two closure dates which related to different sizes of projects, and to the manner of connection to the Northern Ireland electricity market of these different project types. Smaller projects which connect at 33 kV to the Northern Ireland grid network would have to have been consented to by 30 September 2015. Larger projects which connect as clusters of projects would have to be consented to by 31 October 2015.

Northern Ireland Ministers have yet to announce their decision on Northern Ireland closure, as agreement between the Northern Ireland Executive and the UK Government has yet to be reached. This means that any subsequent Northern Ireland legislation cannot be enacted via the Northern Ireland Assembly until after the Bill is enacted. It is therefore necessary that the Bill is clear as to the limits of the application of the provision to Northern Ireland and that it respects timescales proportionate to the Northern Ireland generating stations. Failure to do this would mean that generating stations in Northern Ireland could be penalised because of a misalignment of timescales between reserved and devolved powers in the UK. I urge the Minister to seriously consider these amendments.

New clause 15 would,

"return to the Scottish Ministers the power to close the renewables obligation in relation to electricity generated by onshore wind generating stations in Scotland".

Before the Energy Act 2013 was passed, Scottish Ministers had full control over renewables obligations in line with the Scotland Act 1998, which devolved powers to the Scottish Government regarding the supply of electricity from renewable sources. The Energy Act 2013 took back this control through a UK Government amendment tabled in the House of Lords that gave the Secretary of State the power to close the RO, including in Scotland. The justification for this change in the law was that it would facilitate a coherent and transparent closure across the UK and move toward the new contract for difference system. Those powers were taken back to Westminster under the previous Energy Act on the clear understanding and promise from the Government that there would be no policy implications; it was said to be just a technical change that would not affect any policy decisions.

At the time, the move was condemned by the Scottish Government's Fergus Ewing, who said that the UK Government produced the amendment in the House of Lords with "no consultation or explanation". He said:

"We are deeply concerned about this summary removal of the Scottish Government's discretion in an area of such vital importance to our people and economy."

Clearly, the original justification for stripping Scotland of a power devolved in 1998 no longer holds water. There has been a policy change by the UK Government, and it is one to which the Scottish Government dissent.

James Cartlidge: Is the hon. Gentleman suggesting that if the amendment were implemented, the Scottish Government would take over the expenditure associated with the RO?

Philip Boswell: We would be willing to discuss that, depending on the benefits. The RO was developed and evolved for good reason.

Chris Heaton-Harris (Daventry) (Con): I understand the hon. Gentleman's point, and I was interested in the intervention from my hon. Friend the Member for South Suffolk. My understanding is that in 2015-16, out of the £850 million spent on the renewables obligation, expenditure in Scotland was £520 million—60%. Is the hon. Gentleman saying that the Scottish Government are willing to take half a billion pounds of spending on board?

Philip Boswell: The short answer to that is no. We are looking for dispensation from paying the £92.50 strike price for Hinkley Point C—double the current electricity rate—that seems to have been imposed on the rest of the country by this Government.

It is also important to honour the Smith commission recommendations on how power is devolved to Scotland, where appropriate, so that Scotland can make its own decisions about its economic development. In the light of those developments, control over the renewables obligation must be returned to Scottish Ministers.

Chris Heaton-Harris: It is a pleasure to serve under your chairmanship, Mr Bailey. Given what the hon. Gentleman just said, I point out to him that as his party has a policy of achieving 100% renewable energy provision in Scotland, so much of it dependent on onshore and offshore wind, when the wind is not blowing there, Scotland—if it is independent—will have to come crawling to a country that will be setting a rate based on what it can sell on the market, rather than being generous. That is a hostage to fortune for any Scotland, future or past.

Callum McCaig (Aberdeen South) (SNP): Does the hon. Gentleman acknowledge the statement from the Secretary of State on the renewed vigour with which the UK will pursue interconnections, to enable the UK to do exactly that?

Chris Heaton-Harris: We had a conversation earlier—I believe the hon. Gentleman was in the room—about the importance of interconnections and what they bring, including risks, when it comes to our continent. To a certain extent, I agree with him.

I will start by doing something quite unique in this debate: quote the Conservative party manifesto verbatim, not because, as my hon. Friend the Member for North Dorset said, I did not read it in the first place—that would be a slur beyond belief—but because this whole debate is essentially dancing on the head of a pin about how words should be used. Let me start with the opening salvo. The bolded headline is:

"We will halt the spread of onshore windfarms."

That is fairly definitive and certain: we are going to stop any more onshore wind farms. The manifesto goes on to say

"Onshore wind now makes a meaningful contribution to our energy mix and has been part of the necessary increase in renewable capacity. Onshore windfarms often fail to win public support, however, and are unable by themselves to provide the firm capacity that a stable energy system requires."

This is the bit we are debating today:

"As a result, we will end any new public subsidy for them and—

to help the hon. Member for Stalybridge and Hyde, that is "and", not "and/or"—

"change the law so that local people have the final say on windfarm applications."

Clive Lewis: Will the hon. Gentleman read the next paragraph in his party's manifesto, which talks of

"committing £1 billion for carbon capture and storage"?

I would like to hear his comments on that, because the Chancellor has clearly cut that £1 billion pledge, which was in black and white in his manifesto. Government Members chop and change when it suits them, which makes our point about investor confidence.

3 pm

Chris Heaton-Harris: I thank the hon. Gentleman for his points.

Simon Hoare: Picking up on the point just raised by the hon. Member for Norwich South, as far as I am aware the Minister has clarified that the carbon capture arena will now move within the purview of the OGA and it will be the OGA that will decide what is best to be done in that field, rather than the very costly blanket ban which the other place sought to impose on the Bill. The hon. Gentleman's fear is misplaced.

Chris Heaton-Harris: I thank my hon. Friend; I could not have put it better myself and that is handy, because I was quoting from a Library document and I could not have told hon. Members what the next paragraph would have been, so I very much appreciate my hon. Friend's help.

I gave a bit of a history lesson explaining why I set up what was almost a caucus, to use American terms on the day we are getting the results of the Iowa presidential caucuses. I think I could say that the 101 Members of Parliament I got to sign a letter and then campaign pretty hard were a caucus. The caucus that I led—it was not just me leading it; there were plenty of people taking a strong lead in this area—was certain about what it wanted to achieve when it came to the future policy for onshore wind. We wanted to make sure that onshore wind received no new subsidies. We were fed up with the way our communities had been treated.

As I said on Second Reading and as I think the Committee has agreed, I was quite happy about the second part of the commitment—a change to the law so that local people have the final say on wind farms—because I thought that that was pretty much the case, until a particular wind farm planning appeal came about. That was the Kelmarsh wind farm appeal, when the planning

[Chris Heaton-Harris]

inspector ruled in favour of the development going through because he said that national policy in the area of renewable energy trumped all local concerns. And those local concerns were huge: they were concerns about a grade 1 listed building built in 1732 and about the site of the battle of Naseby. The inspector said in his report that this wind farm would have a "distinct visible presence" over Rupert's viewpoint, King Charles' oak viewpoint, Sulby hedges, the Royal Observer Corps lookout post and Mill Hill viewpoint. These are places and viewpoints from the battle of Naseby which I would argue—and I do argue with my colleagues—was the battle where Parliament fought for itself properly and won properly for the first time. The birthplace of Parliament was going to be overlooked by massive turbines, nearly the size of the London Eye.

The inspector said that national policy outweighs

"any harmful impacts it may have in terms of the setting of heritage assets, the living conditions of local residents in terms of visual impact and noise in particular, the…enjoyment of the countryside, biodiversity, notably bats, and other matters"

What I thought was a local issue to be dealt with local planners, which is where I think the whole Committee wants to return such matters, was being elevated to national policy level.

Clive Lewis: The hon. Gentleman is being generous in giving way. Will he be joining the community of Balcombe and other communities across the country who are opposing fracking in their areas? Will he be supporting them in the local decisions they are making, very powerfully, in opposing fracking? Fracking, as we have heard, will potentially have a national contribution to make, but locally, they do not want it. Will he respect their opinions as well?

Chris Heaton-Harris: As I said on Second Reading, we need to evolve our planning system so local communities benefit very much from any developments. I cited the French system which my fellow Eurosceptic colleagues will be very uptight about. There is a better way of dealing with planning when it comes to helping local communities to decide whether to take onshore wind, fracking or other things, but I do not think we are there yet.

To return to what happened in my constituency with onshore wind, with which this part of the Bill deals, we launched a very simple campaign. We got on board, some Members will recall, the former Energy Minister, my right hon. Friend the Member for South Holland and The Deepings (Mr Hayes), who said, "Enough is enough. We are going to make changes." I thought that was a good signal that the Conservative manifesto might have something fairly solid on this. The following Energy Minister, my right hon. Friend the Member for West Suffolk (Matthew Hancock), said on the Floor of the House on 6 March 2015—a date that in my mind definitely came before the General Election campaign:

"We have made it absolutely clear that we will remove onshore wind subsidies in the future, and that the current 10% that is in the pipeline for onshore wind is plenty."—[*Official Report,* 6 March 2015; Vol. 593, c. 1227.]

I thought that was probably enough of a signal as to where our manifesto was going. Forget the petitions, the questions, the debates and all the other points that were made on the Floor of the House. I was very pleased when I saw the Conservative Party manifesto.

If Opposition Members choose to dance on the head of a pin about whether "new public subsidy" refers to renewables obligation certificates or anything else, perhaps that allows me to talk about things in the second part, which we have all agreed. Let us talk about the way that local people can have the final say on these matters. Let us talk about something the Committee has agreed on previously—how we decommission big energy projects.

It cannot be said that these are not big energy projects. Supposedly, decommissioning is a given—the costs are being set aside when it comes to the North sea—but it is not yet part of the Bill when it comes to onshore wind. The Committee debated earlier the jobs, the supply chain, recycling, the sites that are properly and safely returned to nature—all phrases used by the hon. Member for Southampton, Test about the decommissioning of oil and gas. Yet we currently have a system in place that simply does not allow for decommissioning bonds or any way to ensure that the developer ends up paying to decommission a huge chunk of metal being stuck in the countryside. If we are talking about making sure that local people have the final say on wind farm applications, perhaps we should allow them to include the costs of decommissioning to be stuck into a fund and subtracted from subsidy at source.

Dr Whitehead: The hon. Gentleman has mentioned schemes that are in the pipeline and related that to the "Enough is enough" comment made by the right hon. Member for South Holland and The Deepings. He has also mentioned local people having their say. Does he agree that a scheme on which local people had had their say and was therefore given planning consent was, first, "agreed by local people", which is the first test of the Conservative manifesto, and secondly, "in the pipeline", which is test two of the Conservative manifesto? Does he agree that that is a pretty accurate description of his position?

Chris Heaton-Harris: I agree with the first part of that, but I cannot believe that many of these developments are in the pipeline, as he says, at this point in time.

I want to discuss how the second part, which we all agree on, could be strengthened, should the Government choose to do so, were their clear manifesto commitment to be derailed, perhaps not here in Committee, but in another place. Members, particularly the SNP Members whom I heard on the Floor of the House only last week, have rightly been concerned about people's safety, whether it is nuclear sites or energy sites generally. Everyone has been concerned about safety.

There is an element of safety that I believe could be built into the planning system. My hon. Friend the Minister knows that I have been lobbying hard for this to be included in the planning system in respect of onshore wind. This is a crucial difference between onshore and offshore wind: although they are similar technologies, offshore does not raise this concern about excessive amplitude modulation. That is the low thumping noise that people hear if they stand in the appropriate place away from a turbine. It is possible to predict where it will fall and it causes huge concern to local people near onshore wind turbines. Offshore wind does not have the same effect because there are no people living in dwellings nearby, supposedly.

The noise from wind turbines could quite possibly be the next big public health scandal. It has been known about for a very long time. There have been reports since 1995 on the phenomenon of how very low frequency noise generated by turbines, which has been defined to include infrasound, was the cause of annoyance reported by neighbours. The reports included numerous physiological responses that were described as sensations including a feeling of pressure, a sense of uneasiness, booming and thumping pulsations. A huge amount of work has been done in Australia, Japan and now in the United Kingdom on where turbines are situated and how that affects people's sleep and patterns of stress.

Normally, one would expect this to be taken into account when a planning order is drawn up. In 1987, this was all well known but in the early 1990s, as more and more onshore wind turbines were built, there was a policy decision, I guess one might say, to ensure that concerns about noise limits and planning criteria would not affect where turbines could be situated. A document for noise called ETSU-R-97 was therefore drawn up. It has been massively criticised ever since, but until recently there was no silver bullet to show that it did not work properly because it did not measure the very low frequency background whumping sound that causes people great difficulty.

It could be said, and has been said in debates in this place, that this was a noise condition devised by the wind industry for the wind industry to promote the wind industry and ensure that local concerns about noise were not taken into account. It was certainly referenced in the Kelmarsh decision. Over the last decade or so, the wind industry has fought tooth and nail to defend those standards and guidelines. It has resisted every attempt by anyone to try to change them, but things have changed massively in the past couple of years. The Department itself has recognised that amplitude modulation exists and causes great concern. I FOI-ed every local planning authority in England to find whether they had had issues with noise from wind turbines. A large number had had such issues and had sent environmental health officers to investigate, but there was no central Government guidance on this particular type of noise, which is causing people to become sick. Just recently, the wind industry itself has recognised that amplitude modulation causes the issues I have described.

If we were truly concerned about amplitude modulation and how it might affect individuals up and down this country, we would allow local people—in line with the final part of the paragraph in the Conservative party manifesto that I mentioned—to stick in noise conditions for any planning applications that came forth for onshore turbines. We surely want to avoid a public health crisis in future. We probably recognise that we have not done enough in the past to ensure that people's health is properly taken into account. There are ways in which the whole Bill can be tightened in this area.

3.15 pm

I say to Opposition Members that I understand the dance we all have to conduct in this business, with amendments being tabled and not withdrawn on such issues. I am happy with amendment 5, but when I read the Conservative party manifesto pledge to

"halt the spread of onshore windfarms",

I was expecting an announcement and a date on the day after we formed a Government in 2015. However, the Government are bringing this change about in a very slow—some would say responsible—way. I am pretty sure I could galvanise a big caucus to ensure that the Government understood that.

Clive Lewis: Can the hon. Gentleman envisage a situation where he actively campaigns against wind turbines that are already established?

Chris Heaton-Harris: There are communities out there now that are directly affected by amplitude modulation from wind turbines. I can cite Cotton farm in South Cambridgeshire. That constituency is on the border between two local authorities, both of which have passed motions in the council chamber and written to the Government asking for stronger guidance on these points.

Noise is monitored on a regular basis by a set-up in the community to scientific standards. When an onshore scheme is mooted, noise readings are taken using the same equipment, verified by a third party. Because we can predict when amplitude modulation is likely to occur—it depends on atmospheric conditions, meteorological patterns and wind speed—and can see all those factors happening in front of us, we can predict where the noise will fall. The developer can therefore be asked to shut the turbines down so that they do not cause harm, as has happened in Cotton farm a couple of times. I can absolutely see myself campaigning with other communities up and down the country to ensure that the amplitude modulation from turbines that are already up does not cause undue concern in local communities.

Initially, 10 or 15 years ago, the equipment required to set these up was very expensive. Now, it can be done for about £3,000. Most communities, and certainly a number of developers, could afford that, which would possibly take this problem away. I am trying to make the point to the hon. Member for Norwich South that there are, as my nan would say, many ways of skinning a cat.

The Government have been particularly slow to implement these provisions. I would like them to go further. I am pretty sure I could get together a decent-sized political caucus to do that. If we seriously intend to argue against part of the Bill falling under the auspices of the Salisbury doctrine, and if we are going down the line of dancing on the head of a pin over these issues, the consequences further down the line for this industry will be a lot worse than if we accepted that the Government had a clear manifesto pledge that they are effecting today.

Jonathan Reynolds: It is a pleasure, Mr Bailey, to be on the Committee. I had not intended to make a speech about the group of amendments but, as ever, Government Members' contributions have led me to get to my feet. Many of their arguments have not been robust enough; many of the positions advanced have, quite frankly, been flawed and deserve further attention.

My starting point is that anyone considering the needs of our energy system right now has to admit that the most pressing priority is to ensure that our credentials for investability are maintained and strengthened. Our energy system requires billions and billions of pounds

[Jonathan Reynolds]

of investment, partly because so much of our generating capacity is going off line in the next few years, at the end of its natural life; partly because the capacity market has not worked as well as was hoped in incentivising new gas; partly because Hinkley C is in as much trouble as it was always going to be—we do not know whether it will ever be there when we need it—and also because we need to take coal out of the system, as a clear priority shared by all political parties. The need, therefore, to ensure that our energy structure is an attractive jurisdiction in which to invest must absolutely be maintained.

Much of the argument that has been advanced has been about the changes to onshore wind being clearly signposted in the Tory manifesto, indeed, demanded by the windy caucus, which is a wonderful new term to add to our political discourse. I do not dispute that; ideological opposition to onshore wind has been a part of the modern Conservative party for some time. I do not disagree with the legitimacy of the move any more than I disagree with the legitimacy of all the other bad things the Conservative Government are doing to the UK, but my point is that there is surely a duty on the Government to ensure that the decision is taken in such a way as not to damage the UK's overall credentials as a jurisdiction in which to invest.

Oliver Dowden: The hon. Gentleman says that he accepts the legitimacy of the Government's pursuing the measure, given that it was in the Conservative manifesto. Does he therefore accept the illegitimacy of Members of the House of Lords—Labour and Liberal Democrat Members who lost the general election—seeking to remove the provisions from the Bill, against the will of the electorate, as expressed less than a year ago?

Jonathan Reynolds: The hon. Gentleman essentially asks whether I agree with the illegitimacy of parliamentary democracy, and I have to tell him that I am afraid I do not.

Oliver Dowden: Does the hon. Gentleman not accept the Salisbury convention, which is that if something is contained in a party's manifesto and that party wins a majority, the other place should respect the will of the elected Chamber?

Jonathan Reynolds: That is not what I believe has happened; indeed, a small section of my comments will address that. I believe that two positions are advanced in the Conservative manifesto and the Bill: one is that the RO should close early for onshore wind and the other is that local communities should have the final say in the projects. When I get on to that section I will tell the hon. Gentleman why I believe that those two objectives are in competition and have led to contradictions in the Bill.

Our electricity system figures for the past 24 hours show that wind has contributed something like 14% of our overall electricity need, which is just 1% less than our traditional coal-generating capacity. The issue is not, therefore, insignificant. It is hugely important; right now, wind is keeping the lights on.

Chris Heaton-Harris: I do not want to be pedantic and I hope that the hon. Gentleman takes this point in the way in which it is meant. On Second Reading, we did not have Storm Henry passing through and wind was therefore producing just about 1% of our energy. At any one time, the figure flexes between 0% and, I believe, up to 18%, but it always needs gas turbines churning in the background as a back-up.

Jonathan Reynolds: We are straying a bit beyond the narrow remit of the Bill, but the point is an important one. On Second Reading—the hon. Gentleman and I were there—the overall figure was 5%, not 1%. It was 1% at the specific moment that the hon. Gentleman spoke—I will give him that—but in that 24-hour period it was running at about a quarter of the energy produced by our entire nuclear fleet, which is not a small contribution.

I recommend that all hon. Members take the time to go to National Grid's control centre to see the multitude of different generating assets that can be turned on, or brought off the system, as required to keep the system in balance. That is not done as a short-term response to the current level of wind. National Grid's weather planning system tells it exactly what it will need on certain days, and it is tremendously effective. I do not agree with the simplistic point that every megawatt of wind energy will have to have a corresponding megawatt of traditional gas generating capacity to back it up. Frankly, the people who are skilled at running our entire network do not tell me that that is the case, and I am willing to believe them given how successful they are at running the overall system.

Rishi Sunak: The hon. Gentleman is well versed in these matters, so can he point me in the right direction? My understanding is that Ofgem gives guidance to the grid about ensuring system security and ensuring that there is enough capacity at peak times of the day. Ofgem's recommendation is that wind is considered to have the equivalent firm capacity of 20% of a thermal plant. That Ofgem recommendation clearly states that wind is not as efficient as a thermal plant, and when it is considering system security, there must be back-up. Does he disagree with Ofgem on that point?

Jonathan Reynolds: The hon. Gentleman is making a different point from his colleague, but for every generating asset on the system there will be a corresponding back-up percentage. Some of the greatest intermittency problems come from routine cases where things such as nuclear generating assets have to be taken off line for maintenance. All those decisions therefore have a corresponding back-up ratio, which is nothing new. One of the most frustrating things in debates about energy with the modern Conservative party is that a certain set of arguments is often applied to the renewable asset that is currently not in vogue in the Conservative party—there is a pretence that all the complexities of the energy system, whether it is strike payments or back-up capacity, only apply to things such as onshore wind, but obviously they apply to every generating asset.

Rishi Sunak: Looking at the numbers, does the hon. Gentleman at least agree that most other generating capacity back-ups are in the 80% to 90% range and that

wind is an outlier, and considerably lower, at 20%? Is it at least true that wind is considerably less reliable than those other forms of generation?

Jonathan Reynolds: I do not agree at all.

Dr Whitehead: My hon. Friend might like to think about two points. First, the relative capacity margin of different forms of energy takes into account theoretical running time relative to downtime, and other factors, and therefore the figures should not be remotely near 80% or 90%. Secondly, will he speculate for a moment on the question of ramping down and ramping up? Wind is particularly good at that as far as balancing the system is concerned.

Jonathan Reynolds: Absolutely. There is an obsession in the Conservative party with onshore wind, and often with other types of renewables, too. Arguments are applied to onshore wind that are often illogical. I simply ask hon. Members to spend some time going to see how the system is run and how all these issues apply to different assets on the grid. If they did that, some of their fears might be allayed.

Andrea Leadsom: The hon. Gentleman is being extraordinarily patronising. I have been to see National Grid operations. Does he have the app through which the National Grid provides real-time data? During Second Reading, 1% of our electricity was supplied by wind. Does he not accept that there are times when the wind is simply not blowing? Furthermore, does he agree that, although it is true that, in its balancing, National Grid considers the forecast for outage times, for planned outages and for wind, those forecasts are often wrong? Does he accept that it is therefore not possible to be absolutely certain how much electricity wind will contribute at any one time? He must surely accept that.

Jonathan Reynolds: I accept that sometimes the wind does not blow—that is a reasonable point. On Second Reading, the figure was 5%, not 1%, as I said to the hon. Member for Daventry, if we take the 24-hour period in which the Bill had its Second Reading. I simply say that all generating assets have intermittency problems and require back-up. If we look at many other countries across the world, we are not the only country with an onshore wind contribution to our electricity system. Every other country in the world is investing in this in large numbers. The Minister sometimes has to respond to her own Back Benchers when they are being unfair when talking about onshore wind. Some issues are not being treated reasonably by the Government and by Conservative Back Benchers.

3.30 pm

Energy investors, particularly those with a large interest in energy, have a multitude of energy interests. It is not the case that they are interested only in the current framework for onshore wind in this country. By undermining, arbitrarily, the support for onshore wind, our entire credentials for energy investment are also undermined. Whatever denials the Government make, no matter what Conservative Back Benchers say, this decision has hit our credentials as a country to invest in. It is naive to make any other case.

The Minister was very kind to allow me to intervene, and I asked her about the contradictory position. I understand that the Government want local communities to have the final say on these matters and that they have a manifesto commitment to close the support regime early. However, the hon. Member for Coatbridge, Chryston and Bellshill made the point that there is a series of projects to which local planning committees gave positive approval but which have not met the grace period because the required paperwork was not finished, possibly because they did not have a section 106 agreement or, in Scotland, a section 75 agreement in place and therefore did not receive formal written confirmation of the decision until after the cut-off date.

The hon. Member for Daventry said that he did not believe that many projects would be caught in that area. There are not a huge amount, but the number that is caught is significant—about 90 MW of generating capacity in that first category of projects that have not met the cut-off period because of the paperwork. There are some substantial ones, the majority of which are in Scotland, so I understand that grievance. Then there is a further set of projects, which had community consent and would have had formal planning approval. However, as the developers were engaged in discussions with local communities and a planning committee had not been conducted in time, the formal decision has not been made.

Amendment (a) deals with those two categories of project, the majority of which are in Scotland. It would be reasonable, certainly on Report, for the Government to consider conceding that point. That would protect investor confidence and, indeed, play fair by developers who played by the rules in doing what we asked them to do when bringing forward projects. That would be a reasonable position to take.

Philip Boswell: The hon. Gentleman makes a good point. Moreover from his excellent point, the sunk costs incurred, for example, on Twentyshilling Hill, currently sit at £3.5 million plus further commitments and the sunk costs incurred on Binn Eco Park wind farm currently sit at £1.5 million. That needs to be considered.

Jonathan Reynolds: Some interesting point are being raised, which the Government would do well to treat fairly.

The Minister mentioned the overperformance of onshore wind and our 2020 renewables target. I must stress this point clearly: there is a legally binding overall 2020 renewables target, but it is made up of a road map of targets for electricity, heat and transport, which are not binding but form our contribution to the overall renewables target. The target is for 30% of electricity generation, 12% of heat generation and 10% of transport to be renewable by 2020. When conceding that point, the Minister said that the problem is that the subsidies required for electricity and things such as onshore wind are such that we could not possibly try to overperform and that, frankly, we are not hitting our heat and transport targets.

If the Minister is worried about the impact of electricity subsidies on billpayers, she must get the briefing on how we will hit the heat target. To do so through the renewable heat incentive alone would require a budget in excess of the entire budget for the Department of Energy and

[Jonathan Reynolds]

Climate Change. The Minister will not save money by cutting back on this important area. She will almost certainly incur a much bigger liability for the taxpayer unless she can tell us that we are on track for our heat and transport targets but we all know that we are not.

The Bill is needed to legislate for the Conservative party's manifesto position, but the Government should recognise the UK's pressing situation regarding investability. There are anomalies in the way that the Government's objectives have been drawn up in the Bill and it is reasonable to correct them at this stage. Most of all, this group of amendments strikes the right balance between the Government's objectives, investability and the national interest. I hope that the amendments will be considered properly.

Simon Hoare: It is a pleasure to serve under your chairmanship, Mr Bailey.

I was slightly anxious when my hon. Friend the Member for Daventry began his remarks with a clear US feel in talking about caucuses and the like. The Committee will know that today is groundhog day in the United States and listening to some of the speeches of Opposition Members, it did feel a bit like groundhog day today. Google is good for some things. *[Interruption.]* Trump that, as my hon. Friend says.

My heart sank when listening to an erudite but certainly groundhog day speech from the hon. Member for Norwich South, with all those surveys where this association says that and that association says the other, while 37% do such and such. As we all know, surveys can be made to say all sorts of things. "Bears prefer woods to bathrooms," says one survey, "Turkeys don't endorse Christmas as an annual event," says another. The one survey that the Opposition parties seemed to neglect was the survey at the general election. That was a survey in which the British people said very clearly, among other things—particularly, though not exclusively, in rural England—that enough was enough. The survey at the ballot box demonstrated that this is an incredibly popular policy.

I have a fundamental support for how the Government are proposing to tackle the issue. My hon. Friend the Member for Daventry alluded to it. It would have been entirely within the purview of the Department—had it so wished, based on the election result—to say, "There we are. We've won. Any form of financial support or subsidy is going. You've got 12 hours to prepare and that's it." *[Interruption.]* For an Opposition Member to say that something the Government might do is very stupid takes a little brass neck. The hon. Member for Stalybridge and Hyde exhorted us all to take front and centre our duties to ensure that the investment markets had confidence in Britain. I look forward to the leaked transcripts of parliamentary Labour party meetings where he makes those points to his leader and the shadow Chancellor because I am not entirely sure that their policies do much to support confidence for investment in UK plc.

The stance that the Government have taken is to have a realistic timeframe whereby the industry, which must have been the most myopic ostrich if it did not see this coming, has time to rethink existing plans and, if it so wishes, seek alternative funding from the market. It is indicative that the Opposition say that this sector must always be subsidised. When David Davies of Llandinam literally sold the family silver—and almost the shoes on his feet—to pay the workers who were digging for coal in the south Wales valleys because he realised that there would be a market for coal to fuel the industrial revolution of which we were on the cusp, I doubt he sat down and thought, "Do you know what? I just wish there was a Government subsidy to support me doing this." No, he realised that there was a market opportunity with profit attached to it and he went and did it. He did not need a subsidy and I do not believe wind should have one.

Philip Boswell: Does the hon. Gentleman understand that no tax was paid at that time? That gentleman therefore did not have to worry about that cost.

Simon Hoare: I am delighted to hear an SNP Member thinking about a no-tax economy to help entrepreneurs. I am sure he will take that to Holyrood.

Callum McCaig: Will the hon. Gentleman give way?

Simon Hoare: I will not give way.

Callum McCaig: Oh, please!

Simon Hoare: The hon. Gentleman asks so nicely.

Callum McCaig: I am ever so obliged. I thank the hon. Gentleman deeply. He said that this should not have come as a huge surprise. The date of one of the planning applications mentioned by my hon. Friend the Member for Coatbridge, Chryston and Bellshill was 28 May 2013. It does not cost nothing to get an application to that stage before going through the process. Will the hon. Gentleman remind the Committee when the Conservative manifesto was written?

Simon Hoare: The hon. Gentleman knows that it was clearly written post 2013, but the sector should have known of the irrepressible commitment of my hon. Friend the Member for Daventry, with his 101 Dalmatians, or however many it was, who had been making such comments during the course of the previous two Parliaments, and realised that something was likely to happen.

One thing that I find of genuine interest/concern—we sometimes have faux interests and concerns, but this is genuine—is that the onshore wind sector is fairly mature and well established. We do not need to argue about its bona fides. We do not need to argue about whether it is generating 1%, 5%, 6% or 14% of electricity, because it varies. It is here and we have it. Very often, Governments of all stripes will provide some form of financial support and backing to a nascent industry or sector, but once it is on its feet and has proven its bona fides, it should be able to stand on its own two feet without subsidy.

In the conversations I have had with people from the sector, the question that was always very hard, if not impossible, for them to answer was what cut-off point they envisaged for the ending of onshore subsidy. When I asked, "What are you saying to Government and to Ministers about how you see this support going?" the general response was, "We will continue to take the subsidy as long as it is there." That is no way to run a

policy, even if the books are buoyant and in the black. It is certainly no way to run a policy when the books are anything but.

I was interested when the hon. Member for Norwich South seemed to suggest that because the subsidy was coming from the public—from their direct debits, bank accounts, purses and wallets—and not directly from Her Majesty's Treasury, there was some difference. I keep making this point: although the national average salary is around £24,500, in North Dorset it is £17,500. I do not think that my constituents saw it as particularly fair or equitable to provide, through their bills, subsidy to very successful businesses and the landowners who were also getting their percentage of the deal.

Dr Whitehead: Will the hon. Gentleman give way?

Simon Hoare: Let me make this point, because I think this is how the market operates, and will operate in future.

The hon. Member for Coatbridge, Chryston and Bellshill was discussing the planning system. Anybody who has any understanding of the commercial planning process—onshore wind turbines are part of that process as much as supermarkets or hotels are—will know that there are risks attached to it. People can spend an awful lot of money optioning up the land, paying consultants, having surveys done and so on, yet still fall foul of the process. Even if someone does not fall foul of it and secures consent, they might suddenly find that the funding regime from the banks or pension funds has altered or the appetite for the product they were seeking to develop has waned. They just have to chalk it down to experience. If we have some form of system in which as soon as anybody makes a planning proposal the automatic presumption is that, de facto, they will always have consent, that would be a very dangerous sign to send to the commercial development sector.

Philip Boswell: Does the hon. Gentleman agree that under the Twentyshilling Hill wind farm timeline, the sunk costs incurred before 18 June 2014 were £3.5 million, plus commitments of £3.3 million, totalling £6.8 million? The point is that these included placing deposits on turbines with Nordex. Such orders in the industry are long-lead orders and often have to be placed a year or more in advance. Does he not agree that for a project of such efficacy, one has to plan ahead and commit?

3.45 pm

Simon Hoare: No, I do not, with the greatest of respect. I can recall in my own commercial career working on a project for at least 11 years, where the client had spent somewhere in the region of £8.2 million propounding a planning proposal and still was not in sight of securing a consent. This is the point that I make. If someone is in the commercial development sector—the energy sector or whatever—there are risks attached.

Jonathan Reynolds: There is a point that has to be stressed here. Onshore wind developers are not arguing against the closure of the RO. They are not arguing for anything that might be unreasonable in terms of the risks that they knew were involved in the planning system. They are asking for the Government's promises on sunk costs to be honoured. That is what the group of amendments does. They are not about demanding subsidy for ever or about asking for compensation for reasonable risks that were known to be there. It is about the Government honouring their promise on sunk costs.

Simon Hoare: I hear what the hon. Gentleman says. He obviously has a little more faith—I will be charitable and say faith—because I am not entirely convinced that any sector that is so sated by subsidy would ever turn round at any point and say, "Do you know what? Now is a really good time to end the subsidy." There will always be a reason. We heard it from the solar sector: "Give us another 10 more years because we are on the cusp of doing something quite exciting with storage batteries." Why they did not think about that when the sector was nascent, I do not know. People who receive a subsidy will always find an argument for the maintenance of the status quo.

The hon. Member for Southampton, Test, who leads for the Opposition, is about to burst a blood vessel unless I let him in. Having listened to him for the past two and a half days, I am loth to do so, but of course I will let him in.

Dr Whitehead: May I gently ask the hon. Gentleman whether he has ever heard of digression? When the subsidies for wind were first introduced, one of the reasons that they received clearance for state aid in the EU was that they were not permanent and were based on digression, and everyone agreed that that should be the case. Secondly, I could have sworn the hon. Gentleman was here earlier in the debate when we were discussing the application of subsidies to a mature industry: North sea oil and gas exploration. Will he compare what happened earlier in the debate and what is happening now?

Simon Hoare: In fairness to the hon. Gentleman, he makes a valid point, and I will answer his point in the way that I have answered it when constituents have talked to me about it. For those who try to seek a golden thread of thinking that runs through all of energy policy, they will look in vain, because there are inconsistencies. I am a huge supporter of the nuclear sector. I must confess it makes me slightly glow. *[Interruption.]* No, that is not the word I am looking for. It is not a rational approach to say I do not like subsidies for onshore wind, but I can understand the need for a subsidy for the nuclear sector. The problem with what the hon. Gentleman is trying to find—and he is legitimate in his search—is that we have so siloed our means of energy generation that they have to be viewed silo by silo, rather than according to the product that is being generated: electricity.

I do not want to take up the Committee's time more than I need to, but I want to slightly echo what my hon. Friend the Member for Daventry said. My hon. Friend the Minister may recall that I mentioned this point on Second Reading in the House. At some point, there will need to be a side conversation between her Department and the Department for Communities and Local Government about the national planning policy framework. There is a slight danger that in the Localism Act 2011, we raised too much expectation of the phrase "local decisions".

[Simon Hoare]

The Minister confirmed this morning—we are absolutely right to keep to this regime—that an aggrieved applicant would still be able to trot off to the Planning Inspectorate to appeal a decision, in the same way as the Secretary of State will be able to recall an application that may have been determined favourably by the local planning authority. Again, both an aggrieved applicant and an aggrieved third party will still have recourse to the courts for a judicial review, but the wording of the national planning policy framework—I am afraid I do not have the paragraphs to hand—provides a strong and reliable crutch to the inspectorate. It says that national planning policy, such as decarbonisation and so on, will trump a number of the key topics that my hon. Friend the Member for Daventry was talking about: areas of outstanding natural beauty, sites of special scientific interest, heritage and listed buildings and so on.

I do not think that we need to ramp that up too much, but I welcome the fact that instead of segregating proposals by size, local councils will be able to determine applications through the democratically elected process of the council chamber. Local people will, of course, be able to have a say there and will be able to appear as third parties at a public inquiry, but the final decision will not be taken by local people if an applicant decides to appeal. In my constituency, prior to the election, we had a terrible proposal for a very obvious place in terms of local vista and impact. North Dorset District Council turned it down, to the huge relief of the community, and the applicant read the room and did not appeal, realising that they would not get it. However, that avenue will remain open to an aggrieved applicant or developer.

It goes back to the point that I was making to SNP Members and others: all planning has a risk. In the absence of a provided subsidy, it may well be that applicants and landowners will think far more carefully about what they are applying for and where they apply for it. If they are reliant on the private sector to fund their initiatives and enterprises, we may find—

Callum McCaig: Will the hon. Gentleman give way?

Simon Hoare: I am just coming to a close, if the hon. Gentleman will forgive me.

Rather than jiggery-pokery such as applying for two turbines in a 22-acre field to establish the principle and then coming back for more through variations to consent, which the amendments from the hon. Member for Coatbridge, Chryston and Bellshill sought to protect, we may well find that local communities and their planning authorities will see the whole picture at the start of the planning process rather than planning by salami-slicing, having established the principle.

The Government are absolutely right in their approach to the subsidy. My hon. Friend the Member for Daventry spoke wisely about the civil war. I must say that I would probably have found myself more of a cavalier than a roundhead, but there we are. However, there is an important point to make. If the civil war was about the proportionate balance between Crown and Parliament, the clauses inserted in the other place are, without over-egging this particular pudding, potentially as significant. If the Salisbury convention is to mean anything, something that passed the survey of the general election and a policy that commanded strong public support should not be challenged by the other place. I hope that we do not get involved in an overly long game of ping-pong with their lordships, because the view of the democratically elected House, certainly on this matter, must prevail.

Matthew Pennycook: When I drafted my notes for this speech earlier today, I did not comprehend that it was quite on an English civil war-type level of debate, but I will do my best.

Before I move on to my substantive comments, I will refer to the very interesting debate we had earlier about variability and balancing. It is worth returning to because—like so much of the debate on this issue, and not only in Committee and on Second Reading—we hear less about the costs of particular subsidies or how onshore wind forms part of our energy mix and more about the politics of onshore wind, which is really not what we are discussing when we consider what is the contentious part of the Bill.

Earlier, the hon. Member for Daventry raised the issue of intermittency, but I agree with my hon. Friend the Member for Stalybridge and Hyde that he did so in a way that did not shed much light on the subject, because the notification of inadequate system margin event that he talked about—I believe that it was a NISM event in November, and incidentally it does not mean that the lights are about to go out, but merely that the National Grid would like to see a larger safety cushion of spare generating capacity being brought on to the grid, which is not an unusual practice for the industry—was not caused just by an extended period of low wind, although that was part of it. It was also caused by unexpected plant faults and losses, so it was not just the fault of wind. When one drills down into the costs of that NISM event, one finds that it was in the hundreds of thousands, and not the calamitous figures that we got in the press.

Similarly, I am sure that we can have an extended debate about base load and about whether the idea of large coal-fired or nuclear power stations for base load is outdated, as Steve Holliday, the CEO of National Grid, has himself argued.

However, what cannot be denied is that onshore wind is a flexible technology that helps National Grid to balance the network quickly, by ramping output up and down at times of constraint or system imbalance and, as the Royal Academy of Engineering has estimated, it requires no specific extra back-up until we hit 50 GW of onshore wind, which is five times the current level on the system.

When it comes to the costs of balancing to account for the increased variability, which is a product of moving towards a more decarbonised and flexible energy system, gas is far, far more expensive than wind. For 2014-15, 7% of the costs of balancing the grid were due to payment to wind. In the equivalent year, the balancing costs associated with gas amounted to £240 million, which is five times as much as the costs associated with wind. So we need to bring some sense to the debate about what these technologies do and, in a sense, approach it—as I hope the Government still do—in a technology-neutral manner.

By bringing the Committee's attention to this point, I am only drawing attention to what I believe is actually the driving force behind the early closure of the RO and the Government's insistence on reinserting these clauses, which is not a hard-headed calculation of what is required to balance the energy trilemma, or to meet the costs of controlling the levy framework; it is about the politics of the windy caucus and the understandable anger of constituents in parts of the country who have had onshore wind projects foisted on them when they do not support such projects.

As we have heard, onshore wind has been a success story. It is proven; it is mature; and its costs are coming down. That is precisely because of the conducive framework for investment that was provided by 10 to 15 years of energy policy consistency and a large degree of consensus about that policy. It is that consistency and the investor confidence that comes with it that the Government have played fast and loose with since May 2015.

The hon. Member for Daventry said that this whole debate turns on this point, and in a sense he is right to say so. However, to label it dancing on the head of a pin does him a disservice, given the number of people who have invested substantial amounts of money over long periods of time, because—as we heard from hon. Members before—the lead-in times for these projects go back years. Those people invested in those projects in good faith and they did not invest to see them close early.

I am very clear about the manifesto commitment. We are not talking about the localist aspect; there is no dispute about that. The manifesto is very clear that local people will have the final say. On the nebulous wording

"we will end any new public subsidy",

it is clear that the renewables obligation is not a new public subsidy. It is an existing subsidy that was legislated for by the coalition Government in 2013, and investors were right to think that it would continue. As recently as 13 October 2014, the then Minister—now the Secretary of State—said that

"the RO will be closed to new capacity from 1st April 2017",

and there have been other similar statements.

4 pm

Last January, the industry was told that its investments were safe and that no rules were proposed. Six months later—I would argue that there was no clear signal in the Conservative manifesto—the Government made their proposals. It would not be fair to label the renewables industry myopic ostriches; that would not be taken kindly.

What would happen if a similar retrospective change were made for nuclear? I do not want to start a big debate on nuclear, but imagine if EDF Group thought that the generous strike price that it was awarded in the Hinkley Point C deal might end 10 or 15 years earlier than planned because the Government, in a future manifesto, decided so. The cost of its weighted capital would skyrocket—and rightly so, because the investment environment would have changed. That is precisely what has happened with onshore wind.

On Second Reading, Government Members continued to attack the straw man of indefinite public subsidy, but no one in the onshore wind industry has argued for that. In fact, the legislation makes it clear that the renewables obligation will end in 2017 and that it will be replaced by a contracts for difference regime, which will introduce a more welcome market mechanism to drive down prices more effectively in the long term.

The industry does not want to accept public subsidy indefinitely, ad infinitum. There was a clear end point and a clear replacement in the contracts for difference regime, but now we have neither. We do not have the certainty that the contracts for difference regime will apply to onshore wind. We have a policy vacuum, which, in addition to the slow progress of the Bill, is causing real damage to the industry.

Let me turn to an issue that my hon. Friend the Member for Stalybridge and Hyde rightly touched on earlier. The impact of this decision on the Government's EU renewables target will be significant. It is not enough to say, "We have deployed enough according to our targets, so we can just stop there." That is not how the EU renewables target works. It is a basket of sub-targets that include transport, heat and renewable electricity. I was surprised by the rosy picture that the Minister painted, because the Secretary of State has appeared before the Select Committee twice now—I listened to her intently—and said that she is concerned about the apparent lack of progress in heat and transport. She said:

"I recognise we don't have the right policies, particularly in transport and heat".

There is huge ground to catch up on there. If the Government do not do so, and if we are to avoid the fines and not miss the targets, we have to meet the shortfall with renewable electricity. In that context, it is wrong to damage the support for the cheapest form of renewable electricity available.

Andrea Leadsom: I could agree with everything the hon. Gentleman said until that last comment. That is the point: he says it is the cheapest form of renewable electricity, and we are saying that as costs come down industries need to stand on their own two feet. Opposition Members accuse us of attacking them, stopping them and killing them—they use those sorts of emotive words—but that is simply not the case. The hon. Gentleman must realise that developers are looking for a subsidy-free, market-stabilising CfD. Does he accept that he may be wrong—that the subsidy may not be the be all and end all, and that the success of the onshore wind industry could continue with local support and without the subsidy? Does he think that if we want the industry, we have to keep adding to the consumer bill?

Matthew Pennycook: I do not think that if we want it we have to continue to add to the consumer bill. I very much agree that a contracts for difference regime is a much more stable mechanism for driving down costs. I do not use the words "killing" or "attacking", but I do think that the Government have undermined support in a way that the industry was not expecting. It had stability in this regard.

Stephen Kinnock (Aberavon) (Lab): Does this not ultimately boil down to risk management? Any business looking to invest will weigh up its risks; if we are looking at continuing a subsidy through to 2017, that will clearly play a role in how a business thinks about its risk portfolio before it actually makes the investment that it needs to make. Nobody here is saying that it is

[Stephen Kinnock]

black or white—subsidies for ever or straight to a CfD. What we are saying is let us help these businesses, many of which are nascent but very important, to manage their risks. That is surely the role of Government: to have a proactive strategy to help businesses manage their risks and go forward.

Matthew Pennycook: I absolutely agree; my hon. Friend makes the case very powerfully. It is what I have heard on the Select Committee time and again, across a variety of renewable technologies. No one argues with the Minister's point that as costs come down, subsidies should, in a stable and certain flight path, also reduce with them. What we take issue with is the early closure, as announced in June with very little consultation.

This could have been done in a much more effective way, in negotiation and consultation with the industry, where we move to different contracts for different regimes more stably. If the Minister is willing and happy to give the onshore wind industry the certainty that it is looking for around contracts for difference, I am sure we would be happy to hear that. What we have at the moment is a policy vacuum, when we had, before, not indefinite public subsidy but a certain flight path off it through the ending of the renewables obligation in 2017.

I return to my point about the EU renewables directive. When we look at the figures, we see that the situation is stark. We need 180 TW of new low-carbon generation by 2030. Every megawatt of generation that we do not get from onshore wind, in the sense of falling below our EU renewables target, will have to come from a more expensive form of renewable technology, be it offshore wind or nuclear.

Given how far behind we are on heat or transport—and I hope the Minister will agree with the Secretary of State that we do not have the right policies in place; we are behind on those targets and that part of renewables—the idea that this will bring down bills, which I understand is a large part of the rationale, at least according to Ministers, not the windy caucus, is unlikely. Even that 30p in the central scenario in the impact assessment is unlikely to happen, because we will be forced to turn to more expensive forms of renewables to meet our targets.

The worrying signal that this policy has sent, not just for investor confidence, is that the Government have abandoned their previous commitment to a technology-neutral approach at a time when the overriding priority must be decarbonisation at the lowest possible cost, regardless of what technology best aids that. So I support the Bill as it stands and I oppose the amendments.

Dr Whitehead: I do not rise to head up the debate, because my hon. Friend and fellow Front-Bench spokesman the Member for Norwich South has already done that admirably this afternoon. We are debating a number of amendments together in a process whereby something is potentially coming back into the Bill where it was not previously. Therefore, a principal series of amendments and consequential amendments to those amendments are being debated essentially at the same time, although I am sure we will have an opportunity to disentangle those two aspects of our debate; I am talking about the formal process of putting Government amendments 1, 2 and 3 to the Committee and considering whether we should divide on them, subsequently to which amendments to the amendments may then be considered formally. I understand that that is how we are going to do it.

Although Opposition Members are relatively confident that the strength of the argument made so far means that those original amendments will not pass, it is nevertheless possible that they might. We need to be clear in this debate about what the consequential amendments consist of. I will restrict my remarks solely to amendment (a) to new clause 1, which is in my name.

The hon. Member for Coatbridge, Chryston and Bellshill has done this Committee a service by setting out the range of issues relating to the grace periods, which are a consequence of the proposal to put back into legislation a clause bringing the renewables obligation to an early halt. I appreciate that we have in the Committee what one might call the "windy caucus"—the "ultras" is another way of describing them—who would have no grace periods and feel the process should have stopped immediately, the day after the general election. However, we have grace periods, and if one is to have them, it is important we get them right.

Grace periods should be reasonably equitable. Clearly, it is not equitable if instead of being a slamming shut of the door in its own right, a grace period slams another series of doors shut in the process of being exercised. There are a number of instances where that has apparently occurred.

One of the most egregious instances of a door being shut by a grace period when that grace period should be holding the door open is where applications have gone down exactly the path set out in the Conservative manifesto for wind farms—that is, local people have the final say on wind farm applications. They have specifically gone into the process of seeking approval. Without strings attached, without attempting to go for non-determination and without attempting to go straight to appeal groups, they have wholeheartedly gone into the process of properly consulting and seeking agreement at local level and have gone through all the procedures relating to local planning committees. Indeed, they have done exactly what would be envisaged for the process in the future, were the second part of that Conservative manifesto commitment to have been put into place.

Those particular schemes have not only gone through that process but received planning consent through it—that is, they have applied for consent and a planning committee has considered it and consented to the application, with all the issues concerning the consent having been resolved.

As hon. Members will know, in all planning arrangements—this is not only a question of wind farm applications—a number of sub-conditions may be discussed; for example, section 106 arrangements or, in some instances, a variation of a previous planning condition that needs to be discussed. Essentially, the degree or the qualification has been passed, but the degree ceremony has not been held and the certificate has not been given out, yet to all intents and purposes that application has been determined and the scheme is therefore in the pipeline. It is in the pipeline because it has been agreed by local determination.

4.15 pm

I hope that the Minister will pay particularly close attention to this area. It is not a large number of schemes, but they are schemes that have done everything by the book, not just in terms of what people did in their applications but of having made the assumption that they had until March 2017 to complete the process. Yet they completed the process before the middle of last year and all they were waiting for was the certificate. They have done everything right but instead of consideration under the grace periods, they are finding the door shut arbitrarily, based merely on the fact that the definitions of development consent and planning permission are very slightly different. Even given the principles set out this afternoon about the operation of the Conservative manifesto, those schemes should come within the grace periods. That is what amendment (a) to new clause 2 seeks to do.

Amendment (a) would provide that where a grant of planning permission has been resolved before 18 June 2015, or where planning permission has been granted before 18 September 2015, those schemes should come within the grace period. Cases where a variation of a previous planning consent has been granted, and the variation was the only issue still in the air, should also come within the grace period. In practice, that is a very small number of variations from the grace period as it stands, but they are very important because they appear to comply with the principles that might apply for present and future applications that have been discussed on both sides of the Committee.

I do not know whether the Minister can accept the amendment as it stands or whether it needs further teasing out, but I urge her to look carefully at these cases. If they are not within the grace period, people will say, "So much for the grace periods. They don't do what they are supposed to do. We've done everything we should have done, yet we will fail to get our scheme going, even though we have cheerleaders behind us in the local community who want it to go ahead." I would welcome an indication from the Minister that the amendment will be accepted or marginally changed and introduced on Report so that this anomaly can be resolved.

Andrea Leadsom: I thank all members of the Committee for what has been an entertaining, informative and feisty discussion. Hon. Members of all parties share the desire to see fairness, so I take on board the comments of the hon. Member for Southampton, Test about grace periods. We have looked at them carefully. He will have heard my hon. Friends the Members for North Dorset and for Daventry saying that we could have come in on 6 May and said, "Right, you've got 12 hours," but we were absolutely determined to have a measured response, and 18 June was roughly five or six weeks. We consulted widely. Although it was not a formal consultation, I can provide Members with a link—I do not have it to hand—to some of the feedback in the consultation with industry, which was carefully done to ensure that we got the balance right.

I congratulate my hon. Friend the Member for Daventry, who has done so much work. I like the 101 dalmatians. I would have been one of them, but I think I was probably Cruella de Vil. I was certainly one of the signatories to his letter, and as his neighbour in Northamptonshire, I was very much aware of the grave concern of communities who felt that they were not being listened to. It was a great pleasure for me, as a new Minister in the Department, to be able to implement our manifesto pledge. Both my hon. Friend and I can assure Members that this is exactly what we meant by it. All colleagues on the Government Benches understand that closing the RO early was a clear manifesto commitment—no ifs, no buts.

I also congratulate my hon. Friend on his excellent work on amplitude modulation. He came and talked to me about it with a number of experts. We are determined to address and find a solution to the problem. He reminds me frequently that I need to come back to him with an answer, but the Department is taking independent advice on the matter. We hope to make some progress on that.

The hon. Member for Stalybridge and Hyde raised a number of points that I welcomed. He talked about fairness to investors and sunk costs. Equally, he must recognise that we, as the Government, must manage the potential upside risk of deploying up to a further 7 GW and more of onshore wind, which we know is in the planning system. As I said earlier, our deployment range in our electricity market reform estimation was between 11 and 13 GW of wind, and we believe that we will still be able to be within that range.

Developers build risk into their decision making. Even before the changes were introduced, there was never a guarantee that the projects will build out. There are all sorts of risks involving planning permission, access to grid and issues with military radar. There are all sorts of reasons why projects do not come to fruition. Equally, the Government have been clear that our absolute No. 1 priority is energy security, and then decarbonising at the lowest possible cost to consumers. That means that we need to get the balance right between the costs on bills and our decarbonisation targets, to which we remain absolutely committed.

Jonathan Reynolds: Of course there are risks in any field that must be built in, but our point is that the greater those risks—and the Government are making those risks greater—and the higher the cost of capital, the less investment will come to the UK. It is as straightforward as that.

Andrea Leadsom: I am sure, then, that the hon. Gentleman will be delighted about our commitment to further deployment of offshore wind and to the new nuclear programme, both of which are a low-carbon future for the UK. Targets for decarbonisation and new gas, and a big decarbonisation away from coal and into gas, are the bridge to a low-carbon future. I am sure that he will welcome the certainty that we have given investors with that, and the opportunity for UK plc to get more jobs, more growth and more business in the supply chain as a result of our changes in policy.

I will come specifically to the amendments tabled by the hon. Member for Coatbridge, Chryston and Bellshill, whom I thank for his excellent portrayal of the intention behind them. I hope to give him some reassurance on some of those points. My hon. Friend the Member for North Dorset is absolutely right to point out that the survey of the ballot box, which is the best survey, has entirely supported our policy on wind. He raised the

[Andrea Leadsom]

question of appeals and judicial reviews. The appeals process is still in place for onshore wind. However, any appeal in England on a decision taken after 18 June will need to take into account the clear statement made by the Secretary of State for Communities and Local Government on 18 June, which sets out the new considerations to be applied to proposals so that local people have the final say on wind farm applications, fulfilling the commitment made in the Conservative election manifesto. Importantly, it also makes it clear that planning permission should be granted only if the development site has the support of the local community and that it can be demonstrated that any planning impacts identified by affected local communities have been fully addressed. My hon. Friend is right to raise that point and I hope he is reassured.

Simon Hoare: That is a huge comfort. Will my hon. Friend clarify either now or on Report that the guidance being issued by the Secretary of State for Communities and Local Government in June is of equal status and standing to the guidance in the national planning policy framework?

Andrea Leadsom: My hon. Friend may be asking me about a specific legal point, so it may be better if I write to him. I have been clear on the intention, but he is asking me something that I should probably write to him about afterwards.

I am grateful to the hon. Member for Greenwich and Woolwich for his insightful points about NISMs and the associated costs. It is exactly right that a NISM does not mean that the lights are about to go out, and the associated costs are actually relatively small. As we have said all along, energy security is our top priority and we are not prepared to risk it in anything that we do. He also rightly points out that we are trying to decarbonise at the lowest cost and that we totally support renewables. As many hon. Friends have already pointed out, 98% of solar has been deployed since 2010. In 2015, the UK increased its investment in renewables by 25% compared with 2014. At the same time, EU investment decreased by 30%. This Government have shown a strong commitment to renewables deployment. I hope that hon. Members are reassured by that.

Turning to the amendments to new clauses 2 and 3 and new clause 15, I remind hon. Members the Government have listened carefully to the views of industry and are committed to deliver their manifesto commitment. The amendments have a range of effects, predominately in relation to the eligibility criteria for the grace period conditions set out in new clause 2. I will also cover amendment (a) to new clause 3, which relates to Northern Ireland, and new clause 15, which is specific to Scotland. I will address each of the key proposals in turn.

Amendments (a) and (b) to new clause 2 relate to changing the eligibility date or moving to planning application. The amendments suggest that the key eligibility criteria start date be either pushed back to a later date or moved entirely to include those projects with a submitted planning application as at 18 June that had not yet achieved consent. Either of those actions would have a significant impact on the number of projects that would be eligible for the approved development criteria set out in new clause 2 and therefore on overall deployment figures. I am afraid that to respond adequately to the proposals, and specifically the point on changing the grace period eligibly start date or consent criteria, I must first return to the core principles behind the early closure and the grace period conditions.

As I have said, if one considers those onshore wind projects that already have formal planning consent, there is enough to contribute to what is needed to meet our ambition of 30% electricity from renewables by 2020. The Government have made a commitment to manage costs under the levy control framework, and specifically in relation to this well-established technology. The policy intent is to close the renewables obligation to onshore wind, and the clause, as drafted, sets out clearly that the renewables obligation is closed to new onshore wind farms in Great Britain from 31 March 2016, which is necessary to manage the risk of over-deployment. Furthermore, the grace period set out in new clause 2, called the "approved development condition", was drawn up specifically to protect investor confidence.

Even in its most early design, as set out in the announcement by my right hon. Friend the Secretary of State for Energy and Climate Change on 18 June, the grace period drew a clear bright line for developers while protecting investor confidence and that of the wider onshore wind industry. That approach has underpinned our engagement with industry and wider onshore wind stakeholders. We have been told that the industry ultimately supports our approach. We have also heard anecdotally that some projects that did not meet the grace period criteria have already fallen away, so to change the goalposts at such a late point would be fundamentally unfair to developers who may have chosen not to continue their projects in the light of our original announcement.

4.30 pm

I shall now address those projects that had been given an indication that they might receive planning consent but did not have formal planning permission as of 18 June. This category includes projects such as those that had an indication that they would receive planning permission subject to a section 106 or section 75 agreement. Also in this category are those projects for which the local planning committee agreed to grant planning permission before 18 June but planning permission was not formally issued until after 18 June. As those projects did not have formal planning permission as at 18 June, they do not meet the grace period criteria.

The amendments go well beyond the scope of the policy I have set out. They would result in an increase in the number of projects eligible for the grace period criteria, which would risk additional deployment and increased spend under the levy control framework. I have already set out that those projects that had planning permission granted on or before 18 June, and that had land rights and a grid connection agreement, fall within the grace period. An indication that a local authority is minded to grant planning permission is, unfortunately, not the same as formal planning permission. Projects that did not have formal planning permission by the cut-off date do not, therefore, meet the grace period criteria.

I understand that wherever the line is drawn there will be projects that just miss out, but it is important that we make the distinction and provide clarity to industry as

soon as possible. To change the eligibility criteria for the grace period would only add confusion and distract from the clear bright line that we so carefully set out from the start of our communication on the early closure. As I outlined earlier, we are absolutely keen to protect investor confidence. I believe that the clear cut-off we have drawn provides that clarity and certainty. Furthermore, the changes to the grace period eligibility criteria that Members have suggested could result in an increase in deployment, which could add further costs to consumer bills.

We must protect consumers from rising energy bills, and we must control costs and ensure that we have the right technology mix for the future. That will mean investing in new and emerging technologies, as well as establishing those that are more developed. The amendments, which seek to provide access to the grace period for those projects that on 18 June did not yet have planning permission, would both blur the bright line drawn by our grace period criteria and risk our ability to manage the spend on low-carbon electricity.

Moving on to the inclusion of projects that chose to vary the conditions of a planning permission, where that original permission was granted on or before 18 June last year, as set out in amendments (a), (l), (m) and (n) to new clause 2, we understand that developers may need to vary their planning permission, and the relevant planning Acts allow for that. The ability to make variations provides for unknown site-specific issues discovered after the original grant of planning permission.

It is our intention that, where planning permission was granted on or before 18 June and is subsequently varied in that way, it will continue to fall within the approved development condition. We have continued to make that clear in the debates both here and in the other place, as well as in our direct engagement with industry. As long as the original date of planning permission was on or before 18 June, it will remain within the approved development condition, even if the permission is subsequently varied. The amendments are not necessary, as the clause as drafted already means that such projects are eligible for the approved development grace period. To change the drafting would add unnecessary complexity, administrative burden and time to the delivery of the policy.

Members have made a number of points about the occurrence of planning delays, as described in amendments (c), (d), (j) and (k), which fall within the scope of the normal planning process. It is important to note that projects subject to a delay during the normal planning process—for example, because they have to undertake a public inquiry as a normal part of the section 36 consenting process, are called in by the Secretary of State, or are delayed due to a local agreement with the relevant planning authority—are simply ones that did not meet the grace period criteria, due to the usual application of the accepted planning process. I do not agree with the suggestion that such delays are equivalent to a situation where the refusal or non-determination of a planning application is subsequently overturned on appeal or judicial review.

Amendment (o) deals with projects that, following an appeal, were granted planning permission after 18 June. The amendment seeks to make clear that where a planning application was determined on or before 18 June, and following an appeal or judicial review is subsequently granted or confirmed after 18 June, the project in question will be eligible for the grace period. My Department has made it clear in both the drafting of the clause and in its communication with the industry that that is exactly the intent of the clause. To add further drafting would duplicate and overcomplicate what has already been included in the clause.

Amendment (p) relates to projects that had a grid connection agreement on or before 18 June, indicating a date for completion of grid works no later than 31 March 2017, but which subsequently varied that agreement. We understand that the grid works completion date may often need to be varied following the initial grid connection agreement. We intend that where a grid connection offer was made on or before 18 June and is subsequently varied in that way, the project will continue to fall within the approved development condition, as long as the new connection date remains on or before 31 March 2017. As I have said before in relation to the similar issue of variations to planning consent, the intent of the amendment is already the intent of the policy, so to change the drafting would be unnecessary.

Dr Whitehead: I seek a little more clarity from the Minister on varying planning consent. My understanding, from what she has said, is that where a development received planning permission consent or development consent before 18 June 2015 but a variation on that consent was subsequently undertaken, it is within the grace period. Modifying the grace period in order to accommodate that is therefore not necessary, because it is definitely already in the grace period. Anyone who undertakes that development therefore has a clear understanding from the Minister that their development will not be impeded as a result of that process.

Andrea Leadsom: That is correct, yes.

Amendments (q) and (r) relate to projects that are the subject of a deemed planning permission. I am pleased to reassure the Committee that a planning permission deemed to be granted as part of the consent granted by the Secretary of State under section 36 of the Electricity Act 1989 is already allowed for within the current drafting, as long as the section 36 consent is granted on or before 18 June last year. Planning permission deemed granted under section 36, like other planning permission, meets the conditions of the grace period so long as it was deemed to be granted on or before 18 June. Again, the intent of the amendments is already the intent of the policy, so changing the drafting is unnecessary.

Amendments (s), (t) and (u) relate to the proposed investment freezing condition, and I thank the hon. Member for Coatbridge, Chryston and Bellshill for tabling them. The investment freezing condition was not a part of our original policy proposals but was developed in response to my Department's extensive industry engagement, following the announcement on 18 June. We listened to stakeholders, including the devolved Administrations, developers, supply chain and investors. A number of stakeholders expressed concerns about the impact that the lack of legislative clarity was having on certain financiers' willingness to lend, and we are committed to addressing that.

To ensure that projects that otherwise meet the grace period criteria are not held back from deploying, we developed a proposal to allow an additional nine months in which to accredit those projects that already meet the

[Andrea Leadsom]

approved development condition but that have suffered from the investment freeze. That nine-month period is intended approximately to reflect the time period between the date of the Secretary of State's announcement and the Bill's expected Royal Assent. The amendment will ensure that we meet the intent of our original policy without unfairly affecting projects. The evidence we received during engagement with industry suggests that those most likely to be affected by an investment freeze were those funded by banks, so the definition of "recognised lender" has been drafted to reflect that.

The investment freeze condition is about protecting projects that evidence demonstrates are affected by this issue; it is not about giving developers a better chance than they would otherwise have had to access the RO before its closure date. Unfortunately, the amendments tabled by the hon. Member for Coatbridge, Chryston and Bellshill risk doing exactly that. Removing the requirement that a project must need funding specifically from a recognised lender and widening the definition of a recognised lender as suggested could open up the grace period to gaming. As I have said, we must limit deployment to what we believe is affordable. The Government's policy does exactly that in a fair way for developers while clearly and sensibly managing potential risks and protecting consumer bills.

I understand that, through amendment (a) to new clause 3, the hon. Gentleman seeks to ensure that the power relating to Northern Ireland renewables obligation certificates may only be exercised in relation to certain wind generating stations. In particular, he seeks reassurance about the equivalence of the eligibility dates for the grace period in Northern Ireland. I reassure him that the intent of the clause is only to protect consumers in Great Britain from the cost of any additional support that is given to onshore wind in Northern Ireland beyond what would be available in Great Britain. The Government's position is that the power will not apply to projects meeting grace period conditions that are equivalent to those applying to projects in Great Britain. Those projects meeting equivalent conditions will be excluded from the power. Therefore, Northern Ireland renewables obligation certificates for such projects will continue to be redeemable in Great Britain.

The Government have been in regular discussions with the Northern Ireland Executive about the implementation of this policy. In September, the Government agreed a position with Northern Ireland regarding the equivalent terms for closure. On that basis, the Northern Ireland Executive published their consultation on proposals for early closure of the renewables obligation in Northern Ireland to onshore wind, which included reference to the eligibility dates mentioned in the amendment.

I thank the hon. Member for Aberdeen South for tabling new clause 15. My understanding is that he wants only Scottish Ministers, and not the Secretary of State for Energy and Climate Change, to be legally able to close the renewables obligation to onshore wind in Scotland. I remind hon. Members that energy policy across Great Britain is reserved to the UK Government. The power to make a renewables obligation closure order is reserved to the Secretary of State for Energy and Climate Change under section 32LA of the Electricity Act 1989, which was inserted by the Energy Act 2013 specifically to ensure that closure could be effected consistently across Great Britain. Because the policy is reserved, the provisions to close the RO early to onshore wind in the present Bill will also apply to Great Britain.

The hon. Gentleman's proposed change would reverse the policy implemented by section 32LA of the 1989 Act and set out in the original Renewables Obligation Closure Order 2014. I remind the Committee that it is imperative that we maintain consistency across Great Britain as a whole, providing consistency and certainty to industry and, importantly, fairness to consumers. We estimate that in 2015-16, £850 million of the support under the RO as a whole will go towards funding onshore wind across the UK. Of that, we estimate that about £520 million, or approximately 60%, will go towards funding Scottish onshore wind farms, even though only about 10% of UK billpayers are in Scotland.

4.45 pm

Removing new subsidies from onshore wind is a manifesto commitment, and it is essential to protect consumers from increasing energy bills. Only by closing the RO consistently across Great Britain will we be able to protect consumers adequately from the risk of rising costs from over-deployment of onshore wind. To allow continued deployment of onshore wind in Scotland would allow the cost of that deployment to continue to be spread across consumer bills in the whole of Great Britain, which would not only defeat the object but be an entirely unfair delivery of the manifesto commitment. I assure the hon. Gentleman that we will continue to engage with Scottish Minister and officials throughout the delivery of the policy.

I remind the Committee of the reason that we are debating these clauses. The Government are committed to delivering our manifesto commitment to end new subsidies for onshore wind farms, but we intend to do so in the fairest way possible. Furthermore, we must continue to protect domestic energy bills and keep them as low as possible for consumers. To adequately protect consumer bills and to provide consistent provision for industry we must stick to the cut-off date and the deployment ranges that were clearly and sensibly set out by my right hon. Friend the Secretary of State for Energy and Climate Change in June last year. The clause as drafted and the grace period I set out earlier provide the correct balance between protecting investor confidence and managing consumer bills. I hope I have been clear about why we must not increase deployment beyond that which is necessary to meet the agreed electricity market reform delivery range of 11 GW to 13 GW by 2020. Those limits have been set for a crucial reason. I hope that hon. Members are reassured by the intent and drafting of the new clauses and, on that basis, will not press the amendments to a vote.

Clive Lewis: I thank the Minister for her comments. It has been an intriguing debate. I did not realise that the Minister was part of the "windy 101". I have learnt something today.

Hon. Members on this side of the Committee believe, unfortunately, that the real reason these amendments are being made is to satisfy the interests of a few constituency MPs—some of them are here today—ahead of the UK economy. This will not save consumers

money as the Minister has claimed, but will do the exact opposite by destabilising energy investment and adding to bills in the long run. We have internationally binding renewables targets to meet and it makes sense to do so in the most cost-effective way possible. Arbitrarily ruling out onshore wind when there are perfectly sensible locations that can accommodate it simply makes it all the more expensive for us to meet our targets. The amendments lie at the heart of what is wrong with the Government's approach. The UK energy industry may account for just 3% of GDP, but it accounts for 18% of investment.

In 2013, jobs in renewable energy grew by 6% in the context of 1.2% growth in the wider economy. Public support for low-carbon technologies including onshore wind remains high even among Conservative voters. The sector is vibrant and dynamic, representing a huge opportunity for our future. What investors want to hear from the Government is a real long-term economic plan and stable policy regime. I am afraid that the amendments represent the polar opposite of that goal.

The Chair: May I make it clear that we are about to vote on Government amendment 5, not the amendments on which the Minister just responded.

Question put, That the amendment be made.

The Committee divided: Ayes 11, Noes 8.

Division No. 6]

AYES

Cartlidge, James	Leadsom, Andrea
Dowden, Oliver	Maynard, Paul
Fernandes, Suella	Smith, Julian
Hall, Luke	Sunak, Rishi
Heaton-Harris, Chris	Warman, Matt
Hoare, Simon	

NOES

Boswell, Philip	McCaig, Callum
Kinnock, Stephen	Pennycook, Matthew
Lewis, Clive	Reynolds, Jonathan
Lynch, Holly	Whitehead, Dr Alan

Question accordingly agreed to.

Amendment 5 agreed to.

The Chair: At this point, and just for clarification, it might be helpful if I remind the Committee that decisions on new clauses will be taken at the end of proceedings, that is after all clauses and amendments have been dealt with. That will include amendments to Government new clauses 2 and 3.

Clause 83, as amended, ordered to stand part of the Bill.

Clause 84

SHORT TITLE AND EXTENT

Andrea Leadsom: I beg to move amendment 6, in clause 84, page 48, line 14, leave out subsection (4).

This removes provision which was inserted to avoid infringing the financial privileges of the Commons. Now that the money and ways and means resolutions have been passed this can be removed.

The explanatory statement above gives the reason for the amendment. The House will also know that the clause is a standard one to include in a Bill.

Amendment 6 agreed to.

Clause 84, as amended, ordered to stand part of the Bill.

Ordered, That further consideration be now adjourned.—*(Julian Smith.)*

4.54 pm

Adjourned till Thursday 4 February at half-past Eleven o'clock.

Written evidence reported to the House

EB 18 William Mealiff

EB 19 Eversheds LLP, on behalf of Community Windpower Limited

EB 20 Alison Chapman

EB 21 Declan Owens, CD Consulting

EB 22 Sandbag Climate Campaign

EB 23 Velocita Energy/2020 Renewables Limited

EB 24 Struan Stevenson

EB 25 Energy UK