

**RESIDENTS AGAINST THE CF3 INCINERATOR
A RESPONSE TO
THE WELSH GOVERNMENT POLICY - LOCAL OWNERSHIP OF ENERGY GENERATION IN WALES**

WELSH GOVERNMENT POLICY

In February 2020 the Welsh Government published their policy statement “**Local Ownership of Energy Generation in Wales – benefitting Wales today and for future generations**”.

The purpose of this policy is:

- ***“To retain social and economic benefit from future energy developments located in Wales”.***
- ***“To retain money in the local economy, contributing to prosperity”.***
- ***“We expect all new energy projects in Wales to include at least an element of local ownership, in order to retain wealth within Wales and provide real benefit to communities across Wales”.***

One of the targets of this policy is:

“New renewable energy projects to have at least an element of local ownership from 2020”.

In November 2020 the Welsh Government published their document, “**A Framework for Regional Investment in Wales**”, which underpins and outlines areas and strategic objectives that will require funding to deliver this policy.

Of relevance are statements in the **Supporting the Transition to a Zero-Carbon Economy** section on page 31, as follows:

*“Clean economic development means economic growth that is energy efficient. **New energy generation in Wales should also have at least an element of local ownership.** This will help ensure that Wales retains the benefits from the transition to a cleaner energy system. We also want to help communities to be powered by locally-generated energy as part of a smarter, flexible energy system. Keeping production and the benefits closer together reduces the costs of transporting energy over long distances and increases the opportunity for local ownership”.*

THE PROPOSED ENERGY PROJECT

The applicant states in their Planning Statement, page 3:

*“The proposed development comprises an ERF, fuelled by residual waste (i.e. that commercial and industrial waste remaining post treatment and destined for landfill), **to generate electricity that will be exported to the local electricity network via the District Network Operator (DNO), Western Power.** It is anticipated that the 15MW of electricity generated will be used locally to support local businesses, housing and infrastructure. However, if at any time there is a surplus that would be exported to the National Grid”.*

The applicant states in their “Response to the National Development Framework” document, paragraph 17:

*“**The proposed ERF is a privately funded and financed initiative that will provide a merchant facility with 200,000 tonnes per annum capacity to deal with residual waste arising from the commercial and industrial waste sectors**”.*

MOR HAFREN BIO POWER LTD - THE APPLICANT

Môr Hafren Bio Power Limited has been established specifically to promote and build an ERF at Newlands Road, Cardiff.

Mor Hafren Bio Power (Company number 10312928), previously known as Wentloog Bio Power Ltd was first registered in August 2016. The change of name to Mor Hafren Bio Power was made in June 2019.

- Their registered office is located in Stoke-on-Trent, England.
- There is one director who has a further 82 appointments/directorships recorded by Companies House.
- Accounts filed in August 2020 state a total capital of £10.
- The company has been dormant since first registered.

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SOCIO-ECONOMIC

The applicant states in their Environmental Statement at paragraph 17.9.1:

*“The proposed ERF is considered to give rise to **major beneficial** effects through the construction phase of its development”.*

And goes on to state at paragraphs 17.11.5 to 17.11. 7:

“The proposed ERF will also generate additional Gross Value Added (GVA) through wider economic activity. Over the three-year construction phase, this is calculated to be worth £74.7m”.

“During its operational phase, the ERF would provide 25 full time, skilled jobs. Indirect and induced employment levels are calculated to be around 32.5 in the local area and a further 36 full time equivalent jobs in the wider area”.

“The proposed ERF will also generate additional Gross Value Added (GVA) during its operational life. This is calculated to be worth up to £15.7m in the local impact area and up to £43.73m in the wider impact area”.

We observe and comment that the applicant’s Socio-Economic assessment, as illustrated above with **a GVA during the operational phase (25 years), calculated at only £15.7M in the local impact area**, perfectly demonstrates why there is a need for the newly introduced policy of **“Local Ownership of Energy Generation in Wales”**.

We comment that the Socio-Economic assessment has not duly considered or has overlooked the opportunity of retaining Gross Value-Added by compliance with the Welsh Government policy of Local ownership of energy projects during the operation and lifetime of the proposed ERF.

THE APPLICANT’S BUSINESS MODEL

As mentioned above, the applicant’s proposed ERF will be privately financed with no money or subsidy coming from the public sector. In October 2018 the Department for International Trade published their “Energy Investment Opportunities” brochure. Under their holding company name of CoGen, the applicant’s proposed ERF development, featured on page 23, see below, promoting the project as an investment opportunity.

We observe and note that this brochure was published nearly 12 months before the applicant’s first round of public consultation started in September 2019.

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CoGen Energy from Waste Facility

Cardiff, Wales

Opportunity

CoGen is offering an opportunity for investment into the development of a £100 million energy from waste facility in Cardiff, Wales. Using proven technology, the project benefits from a long-term contracted revenue stream and strong investment returns. CoGen will consider a variety of investor involvement to include equity investment, blended debt and equity, or co-investment. This project forms part of a strong development pipeline of energy from waste projects being developed by CoGen, leading to potential wider funding opportunities.

Project Developers:

CoGen Ltd

Scale:

£100 million - capital expenditure

Sector:

Energy from waste

Location:

Cardiff, Wales

Investment Type:

Equity / combined debt and equity

Planning Status:

Planning consent pending

cogenuk.com

It is highly likely that investors in the applicant's project will be either UK/London based financial organisations or foreign based investors. The project prospectus states "***a long-term contracted revenue stream and strong investment returns***" for investors.

There is no evidence the applicant is seeking investment from investors based in Wales or seeking local community involvement to deliver their energy project.

We observe that the applicant's proposed energy project business model endorses and encourages leakage of Gross Value-Added from Wales.

We comment this is evidence of non-compliance with the Welsh Government policy of local ownership and retention of GVA.

CONCLUSION

In conclusion we consider that the applicant's energy project conflicts with the Welsh Government's policy and strategic objectives on local ownership.

From our analysis we conclude that the applicant's proposed ERF energy project has not given due consideration to being compliant with the Welsh Government's policy on "Local Ownership of Energy Generation in Wales" and does not demonstrate "***an element of local ownership***".

We therefore request that this non-compliance with Welsh Government policy is taken into consideration during the determination of their planning application.