Section 2
Policy Background and Need for the Project

2 POLICY BACKGROUND AND NEED FOR THE PROJECT

2.1 INTRODUCTION

In recent years, there has been a growing awareness of the need to reduce carbon emissions to slow down the pace of climate change resulting from human activity. The electricity generating industry is one of the sectors responsible for carbon emissions, and hence climate change and global warming, since generation of electricity has traditionally relied upon burning of fossil fuels.

This section provides a brief overview of the sustainability, planning and energy policies that have been introduced as a result of these concerns, and illustrates how the Humber Gateway Offshore Wind Farm would help meet these policies.

Although some of these policies, and the land use planning system in particular, do not extend offshore and are not strictly applicable to an offshore development, there are aspects of the Humber Gateway project which potentially have a bearing on such policies and they are, therefore, relevant.

2.2 UK ENERGY AND CLIMATE CHANGE POLICY

2.2.1 UK TARGETS UNDER THE KYOTO AGREEMENT

Under the terms of the Kyoto Protocol, the UK is committed (as part of the EU's umbrella target) to reduce its emission of greenhouse gases by 12.5% from its 1990 baseline by 2012. In addition, the UK has further committed itself to a 20% reduction in CO_2 emissions by 2010. It is recognised that the electricity generating industry and within the sector, renewable electricity generation, has a significant part to play in achieving these reductions.

2.2.2 RENEWABLES OBLIGATION

The Renewables Obligation (RO) is the Government's primary mechanism for encouraging renewable, low carbon forms of electricity generation. Introduced in 2002, it requires electricity suppliers to derive a specified proportion of the electricity they supply to their customers from renewable sources. This proportion was set at 3% in 2003, and rises to 10.4% by 2010 and 15.4% by 2015, with a Government aspiration to achieve 20% by 2020.

The RO has been instrumental in stimulating growth in renewable electricity generation. Electricity supplied from RO eligible sources stood at around 4.5% in 2006/07, up from 1.8% in 2002. In particular, it has been successful at bringing forward the most cost-effective technologies first. However, as acknowledged in the 2007 *Energy White Paper*, *"if we want to move significantly beyond 10% renewables we need to bring forward other renewable technologies, particularly offshore wind and biomass"*.

As one of the UK's leading suppliers of electricity, E.ON has one of the largest Renewables Obligations. Since the start of the RO, E.ON has met on average approximately 80% of its supply obligation, well above the industry average, with recourse to the buyout provisions for the remainder of its RO. Investment in Humber Gateway, as part of the E.ON Group's commitment to invest in renewable generation, will make a significant contribution to the RO and to the Government's broader climate change targets.

2.2.3 THE ENERGY WHITE PAPER, 2007

The 2003 *Energy White Paper* set out the long term strategic goal of delivering a 60% reduction in CO_2 emissions by 2050, with "*real progress by 2020".* A major role would be played by renewables in delivering these ambitious targets. The 2007 *Energy White Paper* reaffirmed this objective and set out policy changes via the RO to deliver up to 20% electricity from renewable sources by 2020.

The policy proposals in the *Energy White Paper* include strengthening the RO to deliver significantly more offshore wind capacity through the introduction of technology banding, reducing uncertainty and shortening the overall timescales in the planning process, and improving access to the grid for wind generation.

These measures provide more support to the Humber Gateway project.

2.2.4 DRAFT UK CLIMATE CHANGE BILL, 2007

The *Climate Change Bill* will establish a new legislative framework for overseeing delivery of the UK's programme for addressing climate change. The Bill will, in particular, establish the means by which a statutory objective of achieving a 60% reduction in the UK's CO_2 emissions by 2050 will be met.

An independent committee on climate change will be set up to advise on *"five-year carbon budgets"* - part of a new commitment to carbon reduction. The *Climate Change Bill* will make the UK the first country to put carbon emissions reduction targets into law.

While the Bill will also enforce reductions of greenhouse gas emissions of between 26% and 32% by 2020, the Prime Minister has also announced that the new committee will examine whether bigger reductions are required.

2.2.5 CLIMATE CHANGE AND SUSTAINABLE ENERGY ACT, 2006

The objectives of the Act are to assist the UK in "*combating climate change"* and to secure "*a diverse and viable long-term energy supply".* The Act addresses renewable energy provision, augmenting and amending the *Electricity Act 1989* with respect to the issuing of green certificates. Green certificates were subsequently enabled through secondary legislation in the form of the Renewables Obligation.

2.3 SUSTAINABILITY POLICY

2.3.1 THE UK SUSTAINABLE DEVELOPMENT STRATEGY, 2005

The UK Government's Sustainable Development Strategy *Securing the Future* outlines the UK's vision for sustainability. It recognises that the UK must move towards more sustainable energy provision and consumption if it is to achieve its ongoing objective of creating a more sustainable future.

2.3.2 REGIONAL SUSTAINABLE DEVELOPMENT FRAMEWORK

Yorkshire Forward (YF), the Regional Development Agency, is responsible for achieving sustainability targets and has published a Regional Sustainable Development Framework. The Framework states that there will be a need for an "*increase in the amount of energy from renewable sources that is generated and consumed in the region"* and recognises that offshore wind farms will become increasingly common in the region as part of the changing provision of energy.

2.4 NATIONAL PLANNING POLICY FOR SUSTAINABILITY

2.4.1 PLANNING AND CLIMATE CHANGE, 2007

The consultation draft of *Planning and Climate Change,* which is intended as a supplement to *Planning Policy Statement 1*, makes it clear that reduction of our carbon footprint is to be primarily achieved through policy and planning decisions on future housing, employment and infrastructure development. *Planning and Climate Change* acts as a supplement to PPS1 and will specifically prioritise the consideration of climate change within the wider context of sustainable development.

2.4.2 PPS22: RENEWABLE ENERGY, 2004

PPS22 sets out the Government's objectives for renewable energy and outlines national planning policies and how regional targets are to be met. Although PPS22 only applies to onshore developments (i.e. those within the jurisdiction of local planning authorities), there are aspects of PPS22 which are relevant to the Humber Gateway development.

In particular, PPS22 states that:

> *"The wider environmental and economic benefits of all proposals for renewable energy projects, whatever their scale, are material considerations that should be given significant weight in determining whether proposals should be granted planning permission."*

PPS22 describes an increase in renewable energy developments as essential to the delivery of commitments to manage climate change and promote renewable energy sources. Through positive planning, the principles of PPS22 can contribute to the government's strategy on sustainable development by facilitating renewable energy developments.

The companion guide to PPS22 provides in-depth guidance on policy development and the principles outlined in PPS22 and gives some examples of good practice in renewable energy development planning.

Section 8 of the companion guide provides specific guidance in relation to wind energy, stating that wind turbines make a significant contribution to electricity supplies in Europe and the UK. The guide outlines the viability of wind power in the UK as a result of development in technologies and the electricity market in recent years, and that wind farm developments can be reasonably expected to be proposed across all regions of the country.

2.5 REGIONAL SPATIAL AND PLANNING POLICY

2.5.1 YORKSHIRE AND HUMBER PLAN (CONSULTATION DRAFT), 2005

The consultation draft of the Yorkshire and Humber Plan outlines the region's commitment to developing the renewable energy sector and specific reference is made to the need to increase renewable energy capacity. For example, Policy HE1 *(Humber Estuary Sub Area Policy*) notes that:

> "*All plans, strategies, major investment decisions and programmes for the Humber Estuary sub area will, where relevant, seek to develop the sub area's renewable energy generation potential, whilst safeguarding character and amenity from the excessive cumulative impacts of large numbers of wind turbines and associated development."*

Policy C1 (*Coast Sub Area*) policy notes that:

> "*the sub area will have an important role in terms of renewable energy generation. Offshore wind farms, especially off the Holderness coast and the southeast area of the Region, will require new onshore infrastructure. Developing these facilities on and offshore will need to account for important environmental and amenity factor"*.

2.5.2 JOINT STRUCTURE PLAN, 2005

The *Joint Structure Plan* for Kingston upon Hull and the East Riding of Yorkshire identifies the importance of increased generation of renewable energy through wind and wave technologies. Policy NAT11 outlines the specific actions, targets and priorities, noting that wind energy development will be encouraged except in areas covered by international and national environmental designations. Facilities that serve offshore wind energy development will also be supported, with preference being given to locations in parts of the coastline that are already developed.

2.6 GROWTH IN RENEWABLE GENERATION

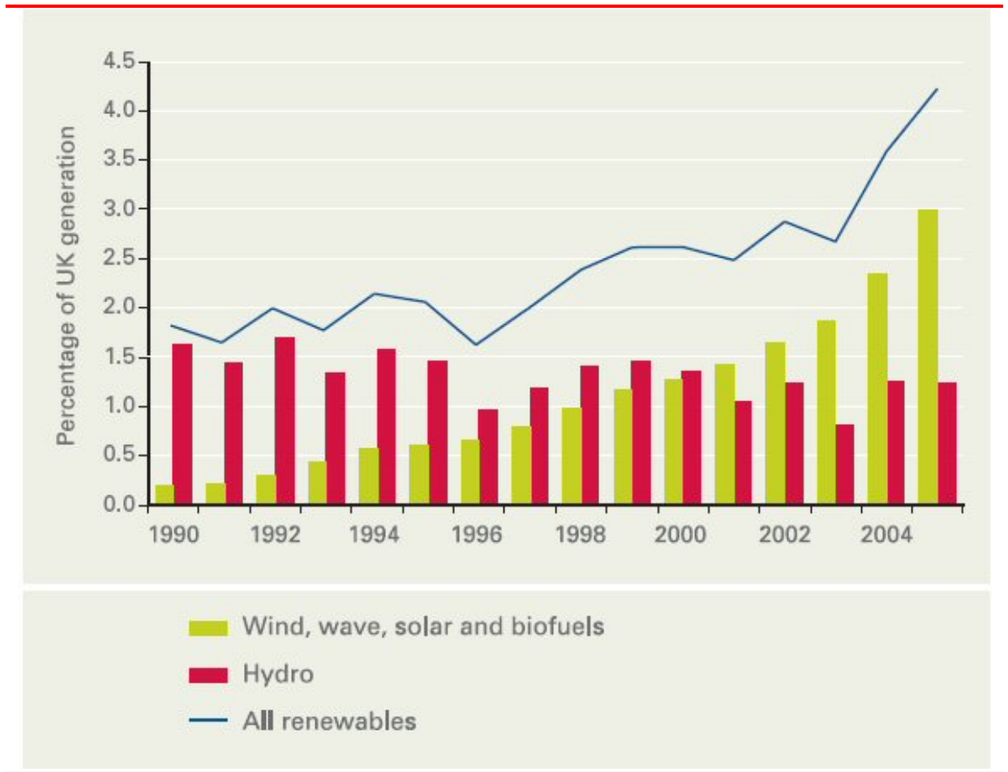
There has been a significant upturn in the generation of renewable electricity in the UK since 2002 and the introduction of the Renewables Obligation. In 2006, renewables accounted for 4% of total electricity generation, representing an increase from 1.8% in 2002. Since January 2006:

- in excess of 540 MW of wind energy and 80 MW of other renewable energy has been installed;
- an additional 1,260 MW of renewables capacity is under construction;
- 4,600 MW has been given consent; and
- 11,400 MW is currently within the planning process across the UK (although not all of this is expected to come to fruition).

Although there has been good progress in developing the renewables sector, it is recognised that there are often significant delays in securing planning permission. Other constraints, such as the availability of grid capacity are also slowing down the deployment of renewables. There is, therefore, still a considerable amount that needs to be done if the UK is to meet its climate change commitments. The UK Government's recent review of the RO and proposed reforms acknowledge the key role to be played by major new offshore wind farms if these commitments are to be met.

Figure 2.1 shows the growth in electricity generation from renewables since 1990.

Figure 2.1 Electricity Generation from Renewable Sources Since 1990



Source: Meeting the Energy Challenge: A White Paper on Energy, May 2007.

2.7 THE BENEFITS OF WIND FARMS

The importance of further development of renewable sources of energy is illustrated by the energy and sustainability policies summarised above. The contribution of renewables is critical to progressing towards a more carbon constrained society at local, regional, national and international levels. The Humber Gateway Offshore Wind Farm, together with other wind farm developments, will provide a clean and efficient means of generation at a significant scale.

Wind farms, in conjunction with other forms of renewable energy, also contribute to the development of a more diverse indigenous portfolio of energy provision, which is increasingly sought as a means to offer greater security of future supply.