

Ms. Ruth Goodger
Energy Efficiency & Microgeneration Team
Energy Wales
Welsh Assembly Government
Cathays Park
Cardiff
CF10 3NQ

20th June 2006.

Dear Ms. Goodger.

Re. Microgeneration Action Plan for Wales Consultation

I write with regard to the above consultation document recently released by the Welsh Assembly Government. As such, this constitutes the official response to this consultation by the Federation of Small Businesses in Wales (FSB).

The FSB is the UK's largest business organisation and exists to represent the interests of all who own and/or operate their own business. FSB membership in the UK stands at more than 195,000 with some 9,500 of that number located in Wales. As such, the FSB is Wales' primary voice for small businesses.

The FSB very much welcomes the Welsh Assembly Government (WAG) consultation on the Microgeneration Action Plan for Wales. As in wider society, there is continuing concern among businesses of the impact of modern living and business practices on not only the World's climate but more specifically, the local environment.

In addition, there are significant concerns among businesses about security of energy supply and the increasing cost of oil impacting on the profitability of businesses.

As such, we agree that it is now time that all sections of society in Wales look at alternative methods of power generation and that research and development in such technologies be boosted to respond to demand.

The consultation document rightly recognises both the role small businesses can play in promoting microgeneration sources as well as the possible long-term benefits for those businesses.

We recognise that this consultation is driven by the WAG's Entergy Route Map but we continue to have reservations about that document and feel that although in draft form it is lacking in detail and certainly lacking in appropriate direction as far as the private sector and businesses are concerned.

The consultation document rightly recognises the high costs and lengthy payback periods for microgeneration technologies. There is little doubt that these issues are likely to be somewhat off-putting for businesses.

As such, we agree that incentives need to be made available to businesses to encourage them to consider microgeneration technologies. We feel it is appropriate that such incentives comprise a package of measures not necessarily limited to grant funding.

The Carbon Trust undertakes good work in promoting such issues among businesses. We firmly believe that this work should also be taken up by the WAG's associated agencies such as the Environment Agency and the Department for Enterprise, Innovation and Networks (DEIN).

In addressing businesses, it is important that the benefits of these technologies be properly identified such as long-term cost savings, where they apply. It is likely that the knock-on effect of rising oil prices will cause some businesses to consider microgeneration technologies more closely than before.

We are concerned that although the document notes a small number of funding schemes such as the Low Carbon Building Programme Capital Grant and limited capacity for funding under European funding regimes post-2006, little reference is made to any additional funding sources. Where any funding streams exist, they should be identified and we strongly believe that with the Action Plan itself needs to come significant targeted additional funding to be made available in the form of interest free or at least low interest loans.

In short, it is important that as well as identifiable benefits being made clear to businesses, funding incentives are also made available. Businesses are inevitably profit-making enterprises and cannot operate on environmental goodwill.

The FSB very much welcomes the WAG's development of projects offering support to SMEs wishing to explore the possibility of adopting microgeneration technologies. We also welcome the development of the

Green Energy Cluster and we feel that the work of such a cluster needs to be publicised as widely as possible.

The consultation document outlines the modification of existing planning guidance on renewable energy schemes. Anecdotally, the FSB has found that in a number of cases, planning has proved to be a substantial obstacle to businesses adopting microgeneration technologies.

Many businesses fear the cost and bureaucratic implications of pursuing new energy developments. Planning procedures become yet more problematic when a business is located within a national park, for instance. This is especially relevant to a number of farming enterprises, many of which might be located within a national park but which might also be among some of the best suited businesses for the take-up of microgeneration facilities.

These problems can be further exacerbated when the intention to install water-related generating facilities on a river on private land, for example is quashed because of fears regarding the environmental impact. In many cases, the remote possibility of direct environmental impact will have to be balanced against the overall benefit of microgeneration.

The FSB feels that preferential planning procedures should be considered by the WAG to provide better opportunities for individual businesses to adopt microgeneration schemes.

The FSB looks forward to the development of the Microgeneration Action Plan for Wales.

Yours sincerely

Ben Cottam
Welsh Policy Adviser.