

2 April 2014

Paper Title	Hydropower Update
Paper Reference:	NRW B O 24.14
Paper Prepared By:	Natalie Hall

Purpose of Paper:	Information
Recommendation:	Following their decision at the September '13 Board Meeting, this paper provides an update for the Board on progress with the range of actions that will ensure that Natural Resources Wales can fulfil its statutory duties and support sustainable hydropower schemes in Wales.
Decision Required:	not applicable

Impact: To note – all headings might not be applicable to the topic	Impact on the Environment: The new suite of guidance will help hydropower developers to develop sustainable schemes which will be designed and operated in a way which protects the environment. Impact on the Economy: Our preliminary analysis suggests that the new approach has the potential for total income for the sector to increase. Meanwhile we are working with the sector to improve the economic evidence base. Impact on Community: Better information in the public domain will enable communities to better understand the potential benefits of hydropower development and its impact on other water users. Impact on Knowledge: Our decisions and actions will be underpinned by evidence. We have a wider commitment to work with the sector to jointly increase our evidence base over a range of considerations.
--	---

Issue

The Board is asked to note progress with the range of actions that will ensure that Natural Resources Wales can fulfil its statutory duties and the Board's commitment to supporting and facilitating sustainable hydropower schemes.

1. Summary and Background

- On 4th September 2013, the Natural Resources Wales' Board endorsed the new approach to setting flow standards for hydropower abstraction licensing and agreed that the new standards should come into effect 12 weeks after publication of the revised Hydropower guidance.
- The Board also agreed to a range of actions that will ensure that Natural Resources Wales can fulfil its statutory duties and support sustainable hydropower schemes in Wales and also asked Natural Resources Wales to look for further opportunities to streamline regulation for micro hydropower.
- The attached note provides an update to the Board on the actions taken to date and what is in prospect. We are confident that these actions will help to support community based and farm scale hydropower schemes which the Welsh Government seek to support through its proposals for the Rural Development Programme 2014-2020
- The Board may be interested to note that we have received a significant number of formal licence applications for hydropower this year. In the period April to the end of February 2014, we received 154 licence applications (for 87 hydropower schemes). 137 of these applications were received in the 6 months period from 1 Apr 2013 to 31 Oct 2013. This exceeds, in half the time, the total number of formal applications received in the previous 12 months (102 applications from 1 Apr 2012 – 31 Mar 2013).

2. Hydropower update to the Natural Resources Wales Board

What we've done

Published New Hydropower Guidance

On 7th January 2014 we published a suite of Guidance for designers and developers of hydropower schemes including guidance on the new approach to allocating water. This new approach, which can be consistently applied to license hydropower abstractions across Wales, comes into force on 1st April 2014.

The final guidance was developed by Natural Resources Wales working in the spirit of co-production with members of our hydropower stakeholder group.

The Guidance advises on how much water can be used for electricity generation without damaging the river. It will make it more straightforward for sustainable hydropower schemes to be developed, aided by a new assessment checklist which will allow developers to consider at the very early stages of project development, how much water could be available on certain rivers before they consider applying for the necessary permissions.

The suite of guidance will help hydropower developers to develop sustainable schemes in the right places, which are designed and operated in the right way.

Wales Hydropower Stakeholder group

In September 2012 we established a Wales Hydropower Stakeholder group, chaired by the Director for Knowledge Strategy and Planning. This consists of developers, community groups, fisheries and ecology representatives and Government and has been established to work together to help the industry in Wales develop sustainably for the long term.

3. Social & Economic Impacts of Community Hydropower in Wales

We are working with a Community Interest developer and member of the Hydropower Stakeholder Group to support a research study by Cardiff Business School on the Social & Economic Impacts of Community Hydro in Wales. This joint work will help us develop a common evidence base about the social and economic benefits of hydropower.

Ensuring consistent implementation of the new approach

Listening to customer feedback, we have put in place a number of measures to address concerns over inconsistent application of the approach and varying advice from staff across Wales.

We have trained over 60 staff, in four events, so far to ensure consistent understanding and application of our revised approach. These staff are from operational and permitting teams and a range of experts we consult as part of the licence determination process.

We have also introduced an internal Natural Resources Wales' Hydropower panel to ensure that the approach is consistently applied across Wales. During January and February 2014, the panel met three times to consider and advise on seven schemes at the pre-application stage of development and responses have been provided to the customers. The Panel met again on 6th March and will then be meeting on a weekly basis. We are also working with customers, who might obtain more water and generate more electricity under the new approach and who are considering applying for variations of their abstraction licences.

4. Permitting efficiency review

We have initiated a review of Natural Resources Wales' permitting process to look for ways to make it quicker for developers to get approval for sustainable hydropower schemes. We are involving our stakeholders heavily in undertaking this project, so that we truly understand customer needs and will seek their help to design a better service.

As part of this process we invited members of our Hydropower Stakeholder group, and those customers with live and recent applications, to a customer experience workshop on the 11th of February. Fifteen customers helped us to map and review the process that applicants go through to seek to obtain licences for the purpose of hydropower schemes. Beginning in March we started to use this information in a series of workshops with our staff involved in hydropower in our analysis of the way we deliver the service and developing options on how we can improve. We will begin to implement solutions over the next 6 months.

This work will also include consideration of whether there are further opportunities to streamline regulation for micro hydropower and how we might enhance the role of Account Managers through the stages of the permitting process, from initial enquiry to pre-application discussions and formal applications.

5. Next Steps

Continued co-production with the Hydropower Stakeholder Group

Our focus now is continued working with the stakeholder group in a spirit of co-production. Over the next 3 months this will include working with them on our review of the efficiency of our permitting process, taking stock of and improving our evidence on all aspects of hydropower and the instigation of a monitoring programme. The group next meets again on the 1st May.

6. Developing a shared evidence base – environmental monitoring.

We are committed to work with the industry and others to increase our evidence base on the environmental effects of hydropower and improve regulation through adaptive management. The Hydropower Stakeholder group has agreed that there is a need for a scientifically sound, efficient and effective hydropower monitoring programme in Wales. We are in the process of considering the appropriate mechanism for the design and co-delivery of the monitoring programme. In doing so we are considering how best to collaborate with NGOs, voluntary groups, academia and others. By the autumn of 2014 we will instigate an agreed programme of monitoring.

7. Further review of supporting information requirements

We continue to review the supporting information and surveys we require to support applications and are working to ensure that these requests are proportionate and accompanied by clear guidance explaining our requirements. We will develop this Guidance working collaboratively with our stakeholder group during the summer and autumn of 2014.

8. Supporting selection of appropriate locations

A necessary pre-requisite for exploiting our natural water resources for hydropower generation is an understanding of their ability to support hydropower. We are developing a map based screening tool, available through our Account Managers to help the selection of the sites where most water is

available. We are also committed to improving map based information over time to help to identify the most appropriate locations.

9. National Resources Wales Managed land

The sustainable management of our directly managed natural resources will enable and support innovative business development and investment and will help us to grow our income to re-invest in our highest priorities. We have worked with developers and communities to identify hydro energy opportunities on the Welsh Government woodland estate and other assets. By 2016/17 we aim for at least 20 Small Scale Hydropower schemes constructed on National Resources Wales managed land. We are reviewing over 150 further potential schemes, all of which have been allocated a project manager. By the end of March 2014 we will have met all potential Developers face to face.