

Use of Structural Funds for sustainable energy projects

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Structure of presentation

- 1) Progress of current Structural Fund programmes (2007-2013)
- 2) Climate Change – project case studies
- 3) Future of Structural Funds in Wales – Post 2013

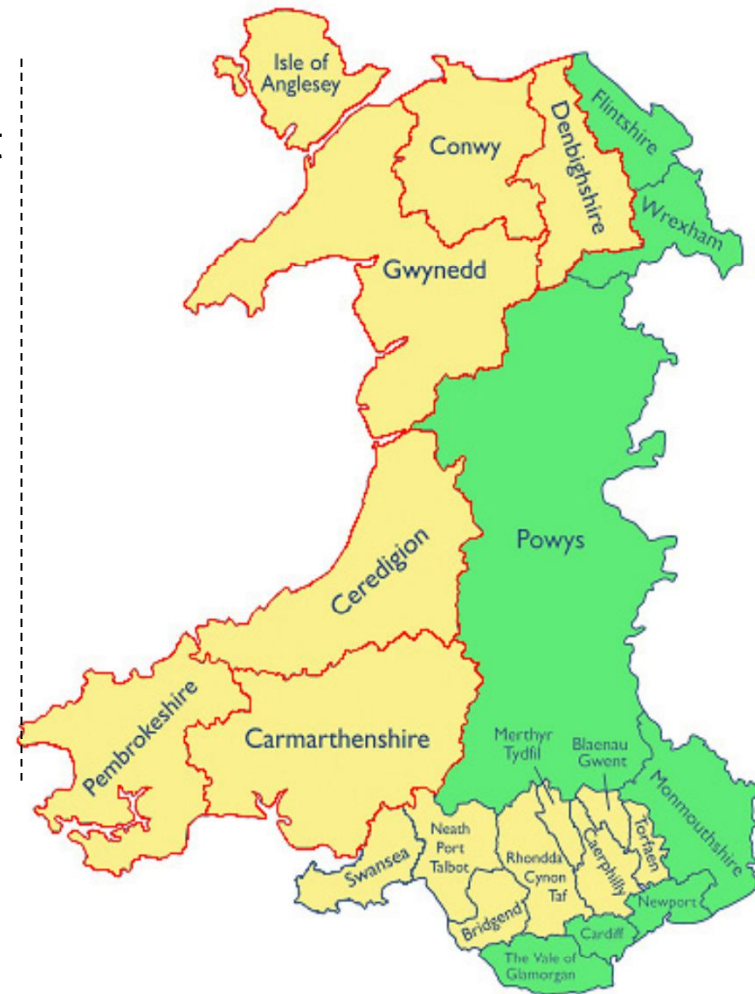


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Structural Funds in Wales

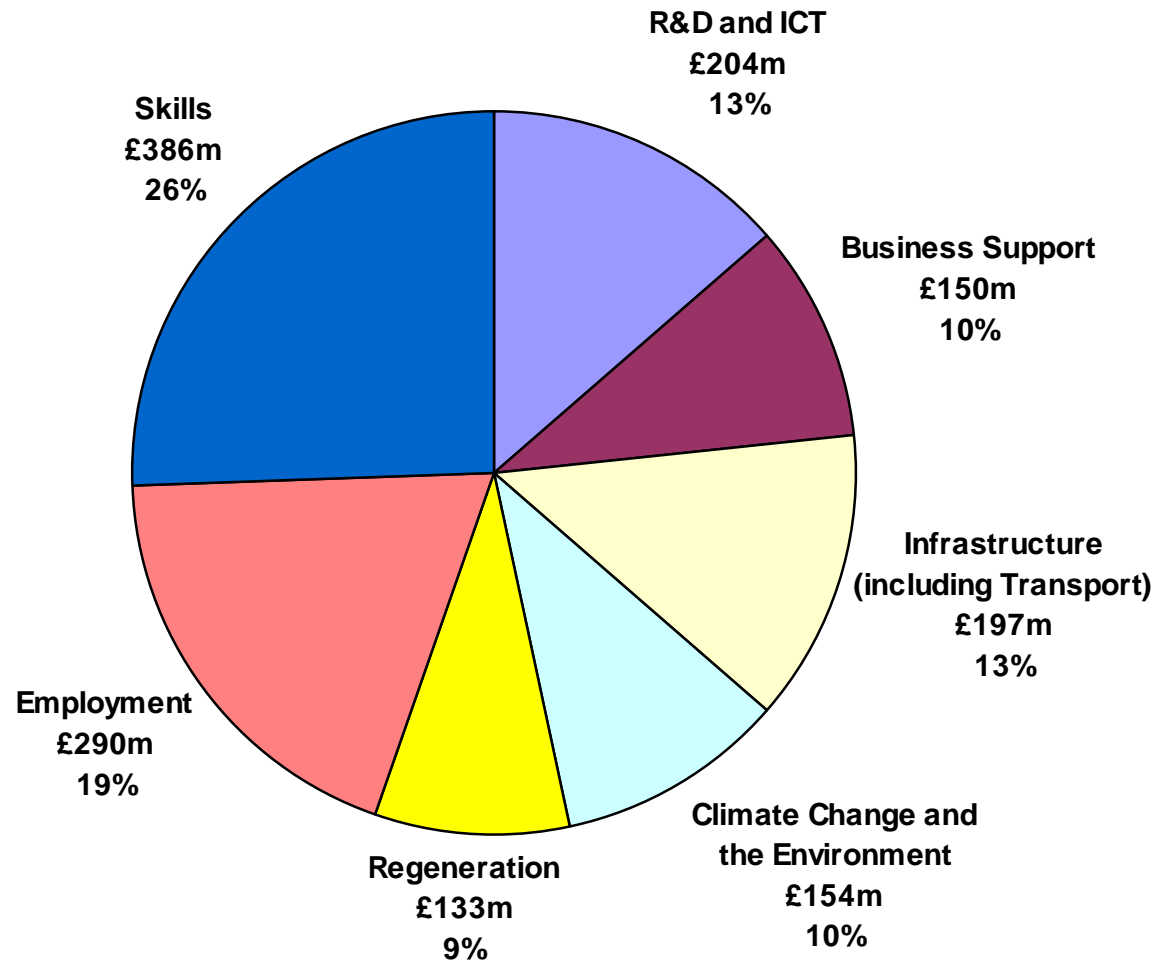
	EU funds	Total Investment
Convergence	£1.8bn	£3bn
Regional Competitiveness & Employment	£116m	£270m
Territorial Co-operation	£45m	£60m



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Investment Priorities



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Funding sustainable energy through Structural Funds

- Directly: Specific parts of programmes targeting Energy and Climate Change
- Indirectly: Other priorities also support sustainable energy (e.g. R&D, transport)
- Horizontally: Part of a Cross-Cutting Theme that all projects must demonstrate commitment to



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Direct Investments: Climate Change

- **Mitigation** – encourage greater energy conservation and efficiency and support development of clean and renewable energy
- **Adaptation** – support action to address impacts of climate change that we can't avoid, including increased flood risk and pressure on water resources



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Approved Projects: Energy

Approved projects, committing around £64m ERDF:

- Wood Energy Business Scheme 2 (WEBS2): Forestry Commission - £20.1m (ERDF £7.8m)
- Ynni'r Fro: Welsh Government - £15m (ERDF £7m)
- DeltaStream Stage 1: Tidal Energy Ltd - £1m (ERDF £573k)
- LCRI: Cardiff University - £34.3m (ERDF £15.3m)
- SEREN: Cardiff University - £8.4m (ERDF £4.7m)
- Arbed Phase 2: Welsh Government - £37m (ERDF £29m)



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Approved Projects: Energy (1)

Wood Energy Business Scheme 2 £20m (£7.8m ERDF)

To provide capital grant support to micro-businesses, SMEs and social enterprises to further develop the sustainable and renewable wood heat market across Wales.



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Approved Projects: Energy (2)



Ynni'r Fro

£15m (ERDF £7m)

To provide support and funding to encourage the development of community scale renewable energy schemes across Wales

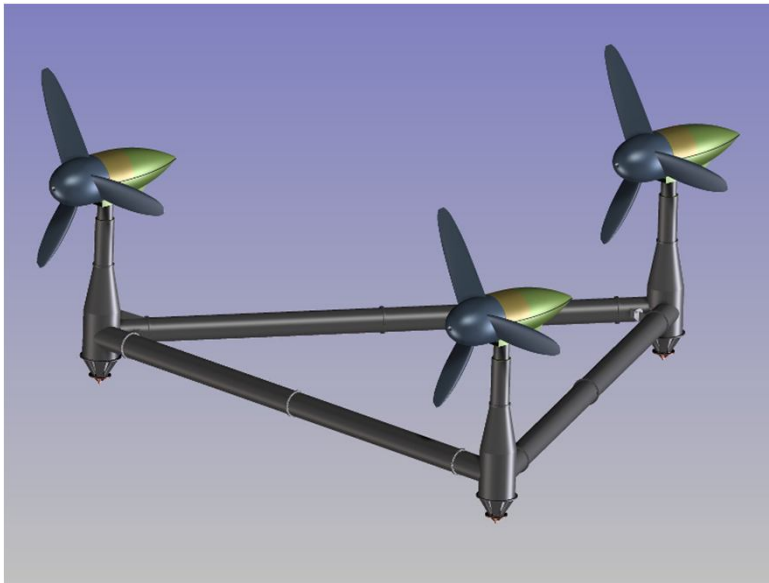


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Approved Projects: Energy (3)

DeltaStream Stage 1 (Convergence) £1m (ERDF £572k)



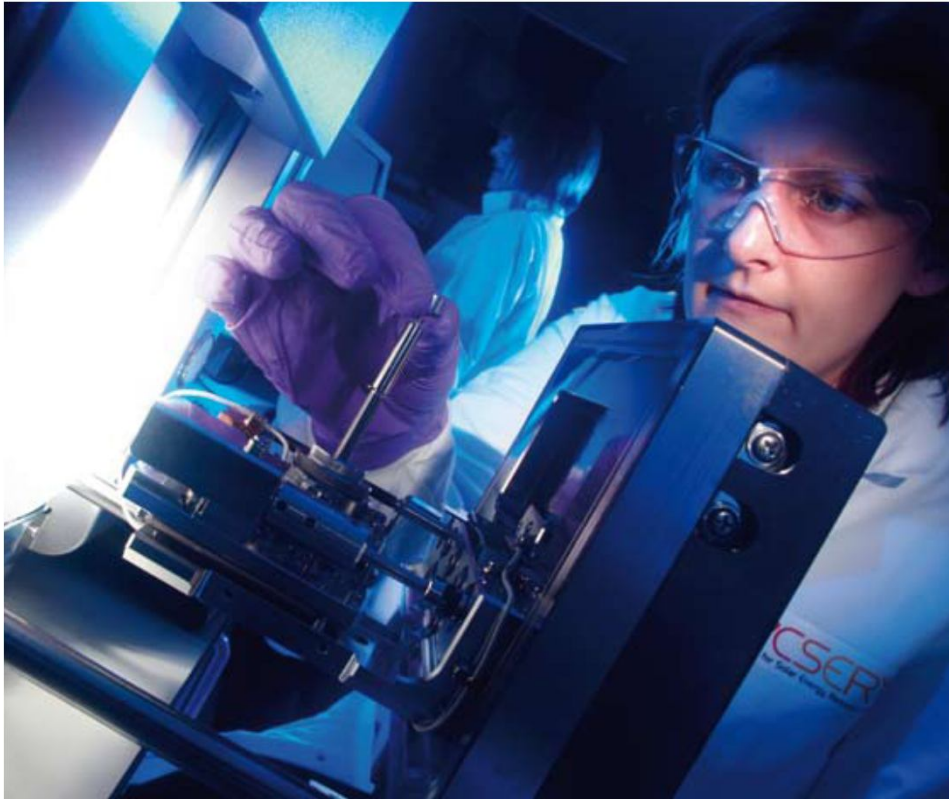
Feasibility study to design a full scale tidal generation demonstration device and conduct environmental studies in order to gain all the necessary consents and licences to enable a Stage 2 project to commence



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Approved Projects: Energy (4)



Low Carbon Research Institute (Convergence) £34.3m (ERDF £15.3m)

To bring together expertise on energy research and facilitate, through the LCRI, a strategic co-ordinated approach to the industrial energy research & development sector in Wales



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Approved Projects: Energy (5)



SEREN (Convergence) £8.4m (ERDF £4.7m)

To deliver new and innovative ground engineering technologies to create new companies and jobs, support existing companies, and increase profitability in companies within the Convergence area



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Approved Projects: Energy (6)



Arbed Phase 2 £37m (ERDF £29m)

Improve the energy performance of at least 4,000 homes in some of Wales' most deprived communities



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Approved Projects: Energy

Expected outputs:

- Renewable energy generated = 311 GWh
- Energy saved = 6.3 GWh
- Reduction in greenhouse gas emissions = 171 Kt



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Projects in Development: Energy

- DeltaStream, Stage 2
£10.6m (ERDF £6.4m)
- Arbed, Phase 2 (Competitiveness)
£8.8m (ERDF £4.4m)
- Smart Meters
£1.7m (ERDF £0.9m)

Total Projects' value £21.1m (ERDF £11.7m)



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Environmental Sustainability as a Cross-Cutting Theme

Examples of horizontal integration of energy measures across WEFO projects:

- BREEAM 'Excellent' requirement for all new buildings – leading to high levels of energy efficiency;
- Installation of a new biomass boiler as part of a tourist centre renovation funded through a recreation project;
- Referral of SMEs receiving business support to specialist environmental advisors to reduce energy consumption and scope potential for renewable energy.



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Territorial Cooperation

- Also opportunities to access funding under Territorial Cooperation programmes.
- Ireland / Wales programme example:
 - Hydro BPT (Break Pressure Tanks)
 - Led by Trinity College Dublin, but involving Bangor University
 - Project Cost €570k (ERDF €360k)



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EU Policy Context: Europe 2020

- Sets EU Policy context for any new programmes: towards Smart, Sustainable and Inclusive Growth
- 7 “flagship initiatives” including *Resource Efficiency* and *Innovation Union*
- 5 headline targets including “20/20/20” goals for Climate change / energy:
 - greenhouse gas emissions 20% (or even 30%, if the conditions are right) lower than 1990
 - 20% of energy from renewables
 - 20% increase in energy efficiency



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Wales Policy Context

Welsh Government Policy:

- A Low Carbon Revolution (March 2010, replaces Tan 8)
- Micro-Generation Action Plan

Welsh Targets:

- contributing to the UK's achievement the Kyoto target and wider UK Government goals on CO₂ emissions
- annual carbon reduction-equivalent emissions reductions of 3% per year by 2011 in areas of devolved responsibilities
- 20,000 micro heating systems by 2012, rising to 100,000 by 2020
- 10,000 micro electricity systems by 2012, rising to 200,000 by 2020
- 50 combined heat and power and/or district heating systems in place by 2020
- all new buildings should be zero-Carbon



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Structural Funds post-2013

Possible shape of future programmes:

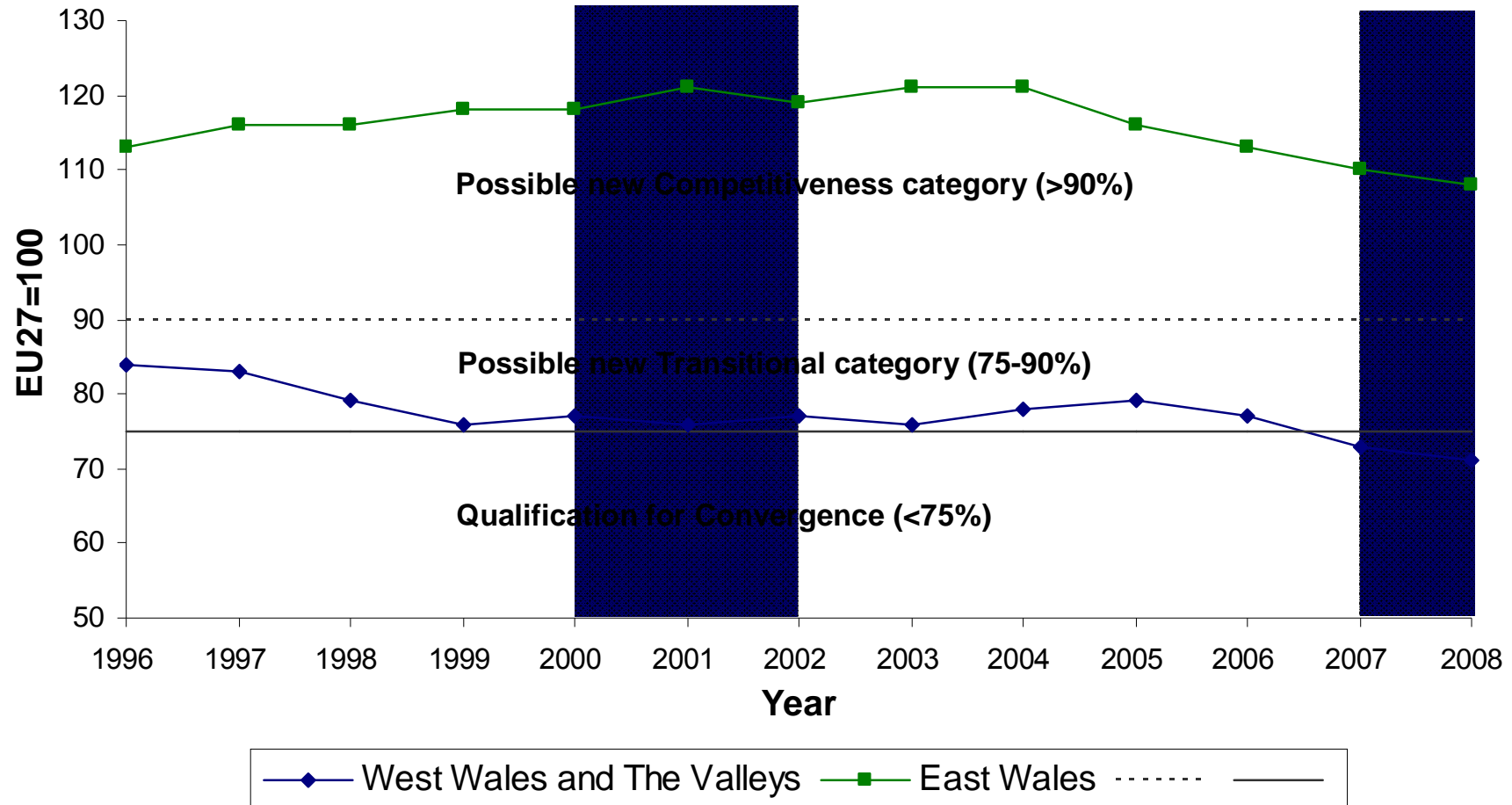
- Likely to qualify for Convergence and much smaller Competitiveness programmes
- Focus on limited priorities (contributing to Europe 2020)
- Might be new conditions attached to funding
- More and better links with other EU funding streams



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GDP per head in PPS (EU27=100)



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Structural Funds post-2013

Programmes will be developed in Partnership:

- Early development beginning now: First “Post-2013 Partnership Forum” meeting on 30 June 2011
- 2-stage formal consultation planned by WEFO:
 - (1) End 2011: High level priorities
 - (2) End 2012 / Early 2013: Consultation on Programmes
- Work-streams will carry out detailed work in 2012
- Website will be key communication tool
- Discussions at various fora (e.g. WEFO and partners’ events)

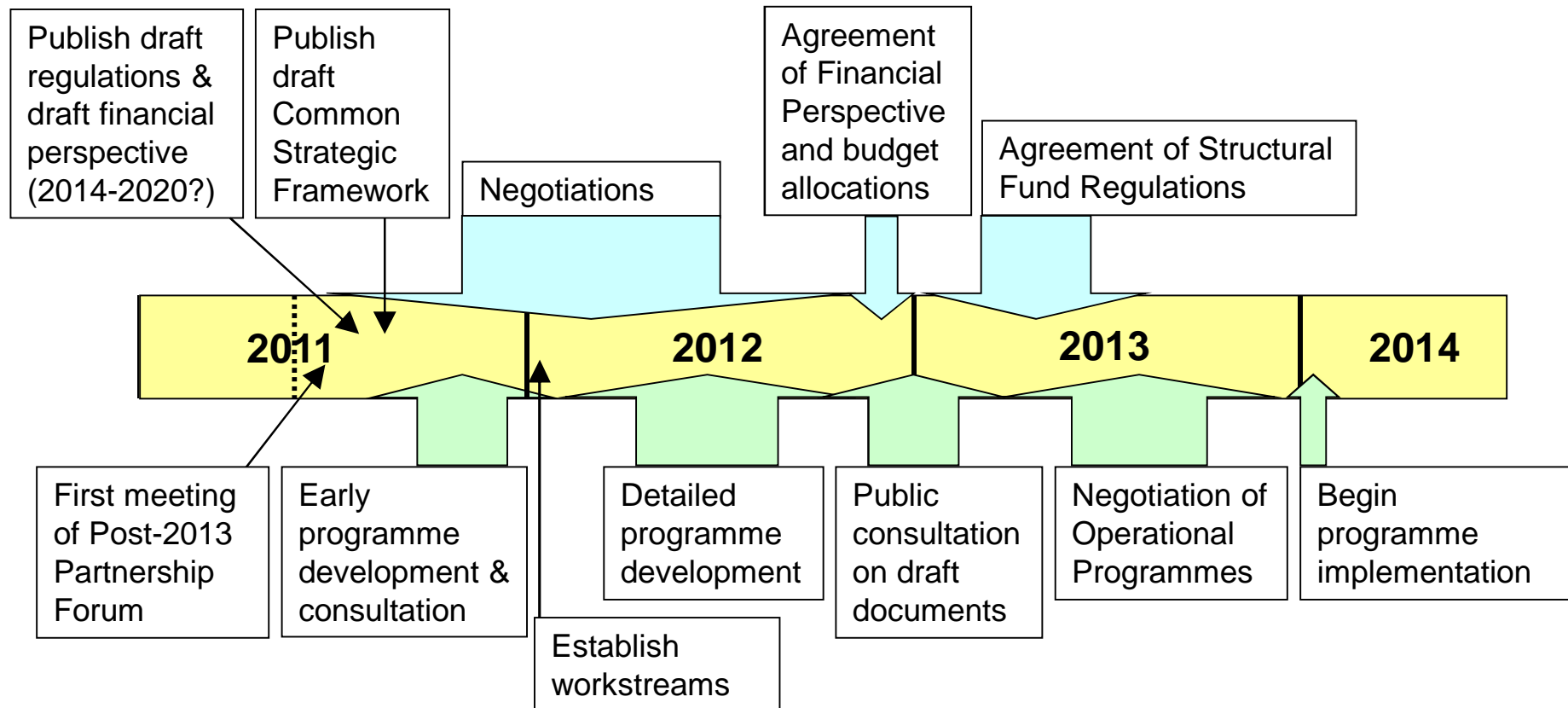


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Timescales

EU Negotiation of Budget / Regulations



WEFO key stages / milestones



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Current Position

- Structural Funds must add-value to existing UK and Welsh Government schemes
- Interest in Structural Funds for energy projects generally lower than other priorities
- Investments in housing-related energy efficiency/ renewable energy initiatives limited to 4% of programmes
- Impact on providing grants in relation to Feed in Tariffs and Renewable Heating Initiatives



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Future Opportunities

- Low-Carbon economy a political priority across the EU, UK and Wales
- Welsh policies for sustainable energy are more mature – opportunity for greater / closer alignment with new programmes
- Financial Engineering Instruments offer new ways of providing and recycling funding (including leveraging private sector funding)
- Closer alignment of funding instruments planned: increase links and co-ordination with Framework programme / LIFE+ / RDP etc
- Cross-cutting opportunities across all investments



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Key Issues

- What should be the Structural Fund investment priorities for Wales going forward – recognising the demand for greater concentration of resources?
- Does the evidence base support these investment priorities; is there a clear strategy in place, including potential for leveraging match funding?
- Is there scope for specific strategic projects which might help to shape and drive any new programmes?
- How can we further exploit the potential of cross-cutting / mainstreaming approaches?
- How to maximise synergies across funding streams?



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