

House of Commons: Written Statement (HCWS40)

Department for Energy and Climate Change

Written Statement made by: **Secretary of State for Energy and Climate Change (Amber Rudd)** on 18 Jun 2015.

ENDING NEW SUBSIDIES FOR ONSHORE WIND

The Government is committed to meeting objectives on cutting carbon emissions and the UK's 2020 renewable energy targets. Onshore wind has deployed successfully to-date and is an important part of our energy mix. We now have enough onshore wind in the pipeline, to be subsidised by bill payers through the Renewable Obligation or Contracts for Difference, for onshore wind to play a significant part in meeting our renewable energy commitments. The Government was elected with a commitment to end new subsidies for onshore wind and to change the law so that local people have the final say on onshore windfarm applications. We are now giving effect to these changes in full through the introduction of an Energy Bill this session. The Energy Bill will devolve powers out of Whitehall so that applications for onshore wind farms are considered by democratically elected councils.

My Rt Hon Friend the Secretary of State for Communities and Local Government is today making a statement on onshore wind development and local planning in England. This will set out new considerations to be applied to proposed wind energy development so that local people have the final say on wind farm applications.

I am now setting out proposals to end new subsidies for onshore wind, specifically in relation to the Renewables Obligation (RO). Onshore wind is currently subsidised through three schemes: Contracts for Difference (CfDs) introduced by the last Government, and the Renewables Obligation and Feed-in-Tariffs introduced previously.

With regard to CfDs, we have the tools available to implement our manifesto commitments on onshore wind and I will set out how I will do so when announcing plans in relation to further CfD allocations. I will also shortly be considering options for continued support for community onshore wind projects through the feed-in tariff (FITs) as part of the review that my department is conducting this year.

The RO supports the overwhelming majority of current and future onshore wind capacity. Unlike CfDs, which introduce competition for subsidy and therefore drive costs down more quickly, the RO is demand-led and so poses more risk of pressure on consumer bills from increased demand for the subsidy. I am therefore announcing today that we will be introducing primary legislation to close the RO to new onshore wind from 1st April 2016 – a year earlier than planned.

My department's analysis indicates that, after taking into account an early closure, onshore wind deployment under the RO will be in the region of 11.6GW. In addition to the 0.75GW of onshore wind that has secured a CfD, this puts us above the middle of the range set out in the EMR Delivery Plan, our best estimate of what we would need to meet our 2020 targets. It is therefore appropriate to curtail further deployment of onshore wind, balancing the interests of onshore wind developers with those of the wider public.

To protect investor confidence in the wider renewables sector, I am proposing a grace period which would continue to give access to support under the RO to those projects which, as of today, already have planning consent, a grid connection offer and acceptance, and evidence of land rights for the site on which their project will be built. I believe this draws the line in the right

place but I want to hear views from the industry and other stakeholders before framing the terms of the legislation.

I intend that any final proposals are applied across Great Britain and I am in the process of consulting with Scottish and Welsh Ministers on this matter. Since energy policy is devolved in Northern Ireland, I am currently in discussions with Ministers there to agree how our commitments on onshore wind will be implemented in Northern Ireland.