

To the Chairman of the Board of the Dyfed Pension Fund.

cc. To the Chair of the Board of the Welsh Pension Partnership;

cc. To the Chair of the Dyfed Pension Fund Committee;

By email:

Dear John,

Carmarthenshire County Council as an individual Local Authority would not ordinarily correspond with the Chair of the Board of the Dyfed Pension Fund, or to the Committee whom the Board supervises, relevant to investment decisions of the Fund. The Dyfed Pension Fund is a separate and autonomous body with responsibility for handling pension funds relevant to public sector workers within Pembrokeshire, Ceredigion and Carmarthenshire.

This correspondence is being copied to the Chair of the Board of the Welsh Pension Partnership. Ordinarily, Carmarthenshire County Council would not correspond with the Board of the WPP, as the Welsh Pension Partnership is a partnership between eight local authority pension funds in Wales, of which the Dyfed Pension Fund is one, which as a partnership can provide for collective investment in order to enhance returns for each of the regional member pension funds.

There is a particular need to correspond on this occasion.

Members the Board of the Dyfed Pension Fund and members of the Committee of the Dyfed Pension Fund are now aware of the Tywi-Usk and the Tywi-Teifi projects proposed by GGENC, which is part of the 'Bute' group of companies.

It is known that the WPP has invested in one or more of the Bute Group of Companies.

It is understood that:

- The commitment to invest predated the flurry of letters issued from Green Generation Energy Networks Cymru (GGENC)/Bute Energy in January 2023, which then provided for widespread awareness of its infrastructure plans for the scheme styled as 'Tywi-Usk';
- Individual councillors serving to assist the management of the Dyfed Pension Fund at the time when the commitment to invest was made were not aware at that time that GGENC/Bute infrastructure proposals would impact on Carmarthenshire, or that the infrastructure proposals would be insensitive or inappropriate as to the proposed route of infrastructure or the proposed method of delivery;
- The decision to invest followed a full and proper due diligence procedure involving examination of the proposals by an external firm of consultants with good reputation and expertise, and that the external firm made the recommendation to invest;
- Powys Pension Fund had declined to contribute despite satisfactory due diligence because of a sensitivity over the number of windfarms intended for Powys, but each of the other seven regional pension funds acted on the advice and recommendation of the consultants engaged;
- The legal terms of the investment were scrutinised by an external and private firm of solicitors with expertise in such matters;

- The investment was in co-operation or partnership with CIP, whereby the initial advance from the WPP was in the region of 18.5 m, as part of a total advance from WPP in the region of 68m but dependent on the conditions of the investment agreement;
- The motivation for the investment, was the opportunity to grow Welsh pension funds combined with the growing direction towards investing public sector pension funds in projects perceived as providing clean energy;

No doubt the Board will be able to clarify or confirm our understanding of these matters.

As the Welsh Pension Partnership, of which the Dyfed Pension Fund is one of eight members, is a partnership between eight autonomous regional pension funds, Carmarthenshire County Council did not vote on the investment and was not called on to approve the investment, and individual councillors generally were unaware of Bute Energy/GGENC until January 2023, subsequent to WPP committing to invest.

Carmarthenshire County Council has made known its opposition to the schemes. On 1 March 2023, the following motion was carried unanimously relevant to the Tywi-Usk proposal: *“That Carmarthenshire County Council supports residents' and local businesses' concerns regarding the proposal to erect pylons to link Nant Mithil Energy Park to the National Grid in Carmarthenshire; believes that Bute Energy should work with landowners to place the cables underground; and that we, as an Authority, write formally to the energy firm to support the concerns raised.”*

Carmarthenshire CC owns land along the route intended for the new overhead electricity infrastructure proposed by GGENC and is therefore also affected as a landowner. Carmarthenshire CC has been resolute in refusing to allow GGENC or its representative's voluntary entry onto land owned by the Authority for the purpose of survey which could otherwise facilitate the proposals for overhead lines. Carmarthenshire CC understands that its position is likely to be consistent with the position of many landowners affected.

During the first Towy Usk consultation over a year ago, GGENC received consistent and clear feedback from individuals and interested parties across the County of Carmarthenshire, and as such, there was a reasonable expectation that the Company would listen and learn. It is now evident that it has not.

The actions and approach of GGENC, including the materials and the proposals presented during the second Towy Usk non-statutory consultation held recently, provide for real concerns on the part of this Authority, and bring into sharp focus that pension funds belonging to employees of Carmarthenshire County Council have been invested in the Bute Group, of which GGENC is part. There is the potential that existing employees of Carmarthenshire CC, and many individuals throughout the County, will be prejudiced by the proposals which GGENC has elected to continue to pursue, despite representations from so many - that prejudice and loss including property devaluation, economic loss for those involved in agriculture and tourism, loss of visitor revenue, and of course prejudice to general health and wellbeing from the despoiling of our beautiful county.

The apparent reluctance of GGENC to engage constructively with affected communities, its intransigence or delay towards completing a full and proper investigation of costing and impact comparatives, and its messaging, including statements without production of an evidence base, are matters which cause Carmarthenshire CC some considerable concern. The Authority would have expected a far greater progression and a marked improvement following on from the initial Towy Usk consultation over a year ago, and the initial Tywi-Teifi consultation earlier this year.

Carmarthenshire County Council would seek the co-operation of the Committee and Board of the Dyfed Pension Fund, and the assistance of the Welsh Pension Partnership of which the Dyfed Pension Fund forms part, towards the following actions:

- a) To explore whether there is cause or opportunity to obtain a release for the Dyfed Pension Fund from the arrangement for the funding of Bute and from any ongoing commitment to advance Dyfed Pension Funds to the Bute Group;
- b) For each of the partners within the Welsh Pension Partnership to discuss the relevant concerns;
- c) To explore whether there is cause or opportunity to obtain a release for the Welsh Pension Partnership from the funding arrangement involving the Bute Group;
- d) To explore whether any such release could entail a recovery of the sum advanced to date or any part thereof;
- e) To explore whether any such release could entail the withholding of the balance of funds relevant to the total investment which was envisaged;
- f) To examine and consider if in the context of the funding relationship which exists the Dyfed Pension Fund or the Welsh Pension Partnership can encourage and assist GGENC towards a more appropriate or expedient direction;
- g) To liaise with CIP, which appears to be the primary investor in the Bute Group, as to the concerns which exist as to the direction and approach of GGENC, and to examine how those issues affect the management and operational obligations of CIP, pursuant to the Environment, Social and Governance Standards and the UN Sustainable Development Goals
- h) To explore with CIP, whether CIP would consider that there is cause or opportunity for CIP or any other party to obtain a release from funding arrangements involving the Bute Group;
- i) To explore with CIP whether CIP, as the main funder, and as a Danish based organisation, taking into account that national policy in Denmark is understood to involve undergrounding all lines at 132KV, would be able to encourage and assist GGENC towards a more appropriate or expedient direction;

It is recognised that the autonomous regional pension funds and CIP have an obligation to their pension contributors, but it is important to ensure transparency, and to explore as requested in this letter.

It is recognised that GGENC could be holding out for the use of overhead lines with pylons, as overhead lines require formal consent, which if granted provides in itself a saleable asset, whereas underground cables could be considered as permitted development and as such do not require consent and therefore do not provide a saleable consent, even if underground cables are otherwise more satisfactory and a better longer term option. It is recognised that the directors of GGENC could be intent on a quick return by selling saleable assets which can be accumulated, including or facilitated by an Ofgem licence. It is recognised that there could there be a material advantage for WPP/Dyfed Pension Fund should GGNEC obtain a consent for the development of overhead lines, if the asset should thereby be secured to the advantage of WPP or should allow for a return linked to sale, but conversely, as the current proposals for pylons are hugely unpopular, facing fierce resistance and opposition, and as the preferred position of WG is that all new electricity lines should be placed underground where possible, would WPP/Dyfed Pension Fund consider that there is very real risk that if an application for development consent for overhead lines should be pursued and refused it will have involved wasted time and resources yet caused considerable alienation, and could really prejudice the investment of the WPP/Dyfed Pension Fund, especially if the GGENC connection option for connection of Bute projects to the NGET system should be lost because of a consequent failure to satisfy the milestones which are comprised within the connection agreement.

Carmarthenshire County Council are pleased to learn that the Committee and the Board of the Dyfed Pension Fund respectively will be considering arrangements involving the Bute Group at meetings scheduled to take place in May.

Carmarthenshire County Council will intend to place the content of this letter within the public domain. A copy will also be provided to Ofgem for as it is known that Ofgem is processing a licence application submitted by GGENC.

Yours Sincerely

Cllr. Alun Lenny

Carmarthenshire CC Employer Representative