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Multi-level governance: Towards an analysis of renewable energy governance in the English regions

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Abstract

This working paper discusses the literature on governance and multi-level governance in the light of recent attempts to promote renewable energy in the English regions. The literature review concludes with an analytical framework for analysing developments in regional governance for renewable energy.

Contents

Introduction

A variety of governance arrangements and processes have emerged in the English regions in recent years dedicated to the promotion of renewable energy. This development has been actively encouraged by central government. It has also attracted the interest, and in some cases support, of energy utilities, agencies, environmental NGOs, business organisations, professional associations and other bodies whose strategising normally operates at the national level. The regional level has become a focus for local and sub-regional organisations too. In short, a regional level in renewable energy governance has emerged. A research project under the Sussex Energy Group at SPRU is studying the emergence of this regional level of renewable energy governance. This working paper introduces the research project, discusses the literature on multi-level governance, and develops a framework for analysing the emergence of renewable energy governance in the English regions. Application of the framework in an analysis of regional activities will be the topic of a forthcoming research report.

A top-down view sees regional governance of renewables simply as a convenient context for the implementation of national energy policy, as set out in the Energy White Paper 2003. The general development of regional governing bodies by central government since the mid-1990s has provided administrative units through which national objectives can be further translated and impressed upon local implementation. Government Offices in the regions serve as the representative of central government in the regions, facilitating and monitoring the implementation of policy and feeding back experiences to the centre. Regional Assemblies oversee the production of regional spatial strategies and other regional frameworks. Regional economic development is promoted by the Regional Development Assemblies. These three bodies often work in partnerships with one another and other stakeholders in fulfilling these roles and promoting regional governance generally. Central government has funded regional renewable energy assessments and has required regional institutions to establish targets. These objectives are reflected in new regional planning guidance, and it is hoped this will cascade down into favourable local planning decisions.

A broader view identifies the regional level of governance taking on a life of its own. Rather than simply being a conduit for policy, a range of regional initiatives emerge that seek to reframe energy in their own regional contexts. Given an initial steer from central government, regional bodies have developed their own renewable energy agendas that go beyond top-down policy transmission. Regional governance includes the assessment of resource endowments, the identification of technical capabilities and advantages, the creation of renewable energy targets that suit the regional context, the formation of public-private partnerships, the establishment of regional renewable energy agencies, the drafting of regional energy strategies, pro-renewable reform of strategic planning frameworks, the creation of specialist research centres, funding demonstration projects, and support for renewable energy supply chains. A host of sub-regional actors have engaged with this new governance opportunity in order to further their research, development, training, projects and networks.

These two viewpoints interact and reveal in regional renewable energy governance some hallmark tensions in multi-level governance, between hierarchy and autonomy, co-ordination and fragmentation, and accountability and legitimacy between levels. It

is through the multi-level governance perspective that an analysis of English regional governance for renewables will be explored.

English regionalisation and energy

There are nine regions in England. Whilst the precise pattern of regional renewable governance has varied between regions and over time, each nevertheless shares some common overarching objectives, structured by English regionalisation generally. Regional activities attempt to contribute to these objectives in a way that shapes the specific approaches to regional governance on renewable energy. These objectives are:

1. Contributing to national policy goals: increasing the deployment and use of renewable energy technologies in the region, and thereby contribute to national energy policy.
2. Boosting (competitive) regional economic development: capture the economic benefits deriving from renewable energy for the region, by building up renewable energy business, whether in the manufacture of capital goods or provision of services (both exportable beyond the region), or in the deployment of renewable capacity in the region.

These two objectives need not coincide. They do, however, contribute two important organising principles for renewable energy governance in the English regions that are (unsurprisingly) underpinned by the statutory mandates the regions have for spatial planning and economic development.

Regional-level governance across many policy domains in England have deepened and gained momentum under new Labour governments since 1997 (CO/DTLR, 2002). Deputy Prime Minister John Prescott was a particular champion of the regionalisation agenda, and although parts of the agenda have suffered under his political decline, and aspects are criticised by opposition leaders, a clear framework of bodies continues to be supported by government (Tomaney, 2002). The emergence of regional governance generally was driven by a confluence of forces, including a commitment to improve conditions in declining regions of the country, to recalibrate responses to international competition, and to capture more effectively regional support from the EU. Government Offices (GO) in the nine English regions (created in 1994) were joined by Regional Development Agencies (RDA) and by Regional Assemblies (RA) (both created in 1999). These three bodies are responsible for key strategic frameworks. It is the combination of these bodies, their mandates, and the strategic frameworks they develop in partnership with other regional stakeholders that constitutes regional governance structures. Each body and their respective strategic responsibilities are discussed below, but by way of introduction they are:

- GO: responsible for overseeing delivery of central government policy in the regions and feeding regional developments back to the centre
- RDA: responsible for regional economic strategy
- RA: responsible for regional spatial strategy and housing strategy

Dominant concerns within this regionalising institutional landscape are the repositioning and recalibration of policies for economic regeneration and strategic

planning. A leitmotiv throughout regionalisation in England, as elsewhere (Jessop, 2002), has been to boost international competitiveness, attract global capital and raise economic performance in each region, principally through more coordinated investment and infrastructure planning between key regional partners (Morgan, 2002).

Interest in the regional scale for energy is not new in England. An earlier generation of regional energy assessments - supported and encouraged by the European Commission throughout the 1980s - included assessments of renewable energy potential and associated institutional reforms (MacKerron, 1989).[1] This work concluded at a time when the national governance of energy systems was undergoing profound change. The dominant mode of hierarchical planning was giving way to market provision. State-owned energy utilities were being privatized and energy markets liberalized. New national regulatory institutions and multinational energy companies became the key players in this market-dominated governance mode. Co-ordination activities would work through national and international energy markets. The regional dimension was soon forgotten.

A decade later, in March 2000, the Department of Trade and Industry (DTI) and the Department of Environment, Transport and the Regions (DETR) funded a series of new regional renewable energy assessments in England. Unlike the earlier generation of studies, these assessments took place at a time when the political, policy and economic climate was more favourable to the regional scale (Tomaney, 2002; John and Whitehead, 1994; Morgan, 2002). Central government was committed to strengthening the roles of the regions, and renewable energy presented an opportunity to contribute to this general policy thrust, as well as the regions helping central government attend to issues specific to renewables.

This is a key difference. This time, interest in regional renewable energy initiative was supported by a broader context committed to regional governance (other policy areas given a regional dimension include planning, economic development, housing, sustainability).

However, whether this political enthusiasm for the regions will endure, and regional renewable energy governance become fully institutionalised, is still uncertain. A change in government or shift in political mood to one cooler on the regions could see this nascent governance level for renewables whither away. Regionalisation suffered a set-back when voters in the North East rejected plans for a directly elected regional assembly in November 2004; and opposition Conservative leader James Cameron, M.P. has recently stated his intention to abolish existing (unelected) regional assemblies (made up of stakeholders) and return powers to local government. A lack of explicit consideration for an English regional role in the third annual report into progress under the 2003 Energy White Paper (when previous years had reported regionally), nor mention of future regional roles in the 2006 Energy Review, might be an early instance of just such a shift (DTI, 2006). And yet, in a recent speech (25 October 2006) the Energy Minister insisted the regions had an important part to play in renewable energy governance.[2]

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[1] Regional studies were conducted and publicised in Cornwall, the North East and the North West.
[2] Malcolm Wicks, M.P. speaking at the Royal geographic Society/UK Energy Research centre Conference *Energy, Climate and the Regions* London, 25 October 2006.

The Sussex Energy Group study

Clearly, the regions are a realm of governance that is still evolving. Lessons are still being learnt about how best to engage with and add value to local and national sustainable energy initiatives. Studies are beginning to assess progress to date, but all do so with considerable qualifications and caveats. Recognising this development, the Sussex Energy Group (SEG) at SPRU launched a study with the following aims:

1. Understand how the regional level of governance for renewable energy has emerged in England.
2. Explain why these governance structures and processes have taken the forms they have.
3. Identify the strategies for dealing with the dilemmas associated with the regional level of governance for renewable energy.

Many outputs from regional renewable energy governance are directed toward the longer-term, making any straightforward policy evaluation premature. As we shall see, even the very 'objects' of regional renewable energy governance are still being defined through negotiations in these new regional governance arenas. The Sussex study does not pretend to an evaluation of regional renewable governance for each region. That said, reports are beginning to emerge which do attempt some form of snapshot analysis and comparison between regions – with qualifications. They include a Sustainable Development Commission study into the status of sustainable development in regional governance in general (SDC, 2005), and a more focused assessment of progress in the incorporation of sustainable energy into the general statutory strategies of the regional bodies (for planning, economic development, and housing), conducted by the centre for Sustainable Energy for the Energy Savings Trust in 2006 (CSE, 2006). These studies provide helpful snapshots.

Rather than repeat the assessment attempts of others, the Sussex study explicitly sought to complement it with a more dynamic and contextualized consideration of regional renewable energy governance, informed by a multi-level governance perspective. Analysis focuses upon the discourses, networks and interests underpinning the emergence of regional governance for renewables. In each case, policy statements, processes, networks, strategies and initiatives have been studied. Semi-structured interviews were conducted with 34 key individuals regionally, nationally and locally. The intent has been to understand the dynamics of processes operating today whose outputs are targeted at the long-term. Analysis also considers what we can learn about multilevel governance from this particular case, and some of the dilemmas identified in that literature.

The purpose of this working paper, however, is to provide a discussion of the multi-level governance framework used in the study. It is intended as a problem-focused literature review that will provide a few signposts, themes and issues relevant to any explanation of regional governance for renewables. The analysis itself will follow in a subsequent report.

Renewable energy as a governance issue

A long-standing and common starting point in the governance literature is to note how complex policy objectives require governments to work with other actors, and that this pattern of interdependence is diversifying (Stoker, 1998). In an introduction to governance in modern British politics, Richards and Smith provide the following definition:

> '*Governance is a descriptive label that is used to highlight the changing nature of the policy process in recent decades. In particular, it sensitizes us to the ever-increasing variety of terrains and actors involved in the making of public policy. Thus, governance demands that we consider all the actors and locations beyond the [central government] 'core executive' involved in the policy making process*'
> (Richards and Smith, 2002)

Many challenges for governance in general are evident in the promotion of renewable energy systems. Central government's policy objective of transforming existing energy systems into ones with greater renewable energy content requires co-ordinated efforts and changes amongst many different actors, institutions and artefacts (Unruh, 2002; Elzen *et al*, 2004; Smith *et al*., 2005). Renewable energy systems are complex, and their construction is far from straightforward. It is consequently difficult to direct them into being exclusively through hierarchical government measures like planning. Nor are they likely to arise spontaneously through energy markets. Additional problem-solving activities must be coordinated and steered outside government hierarchies and beyond markets (Kooiman, 2003; Rhodes, 1997; Jessop, 1998; Pierre and Peters, 2000). As such, the rise of a problem-oriented governance perspective in both policy analysis and practice does not signal the demise of institutions of the state nor markets (Scharpf, 1997), but rather a blurring between two long-established (and ideologically potent) category distinctions (Rhodes, 1997).

The government recognised a governance dimension to energy policy in its Energy White Paper in 2003. A section titled *Delivery Through Partnership* identifies the co-ordination efforts upon which energy policy is dependent:

> '*We will need to work with others to achieve these goals. The products and services needed in future will depend on business enterprise and innovation. Local authorities and regional bodies are pivotal in delivering change in their communities. We will continue to work closely with the Devolved Administrations. We will continue to need a sound basis of academic research and information. Independent organisations and voluntary bodies can communicate messages to the public and help them to get involved in decision-making. And Government itself must change so energy policy is looked at as a whole.*'
> (DTI, 2003: 112)

These private, public, and civil society 'partners' must negotiate the necessary processes of innovation, business development, community involvement, knowledge production, infrastructure provision, communication, regulation, market creation, and policy for sustainable energy systems. Sustainable energy implies more diverse and

complex networks of actors, technologies and practices operating across multiple scales on both the demand and production sides of these new, sustainable systems.

Even on the supply side, renewable energy systems pose a considerable governance challenge. The governance 'object' – viable renewable energy systems - is complex and contains many coordination challenges. There are various renewable energy systems to choose from, usually based around core technologies (e.g. wind, solar, biomass, marine, etc), each of which can be configured in different ways, and each of which is already developed to varying degrees. The innovation and deployment of renewable energy technologies involves a mix of established energy utilities and new business models and firms (e.g. energy service companies). Some renewable energy systems seek to satisfy conventional consumption patterns (grid connected technologies), whilst others are predicated upon new user practices (e.g. room occupancy in passive solar homes). Renewable energy projects like wind farms can involve large and protracted planning processes, whilst other projects involve smaller planning applications, but just as protracted and daunting for the applicant (e.g. solar water panels in conservation areas). Both make demands upon existing institutional structures and routines.

Manufacturing, installing and maintaining renewable energy systems involves a mix of new skills sets (e.g. solar architecture) and established skills reoriented to new practices (e.g. plumbing). Some renewable energy systems can plug into and operate over modified versions of existing energy infrastructures (e.g. wind farms), whilst others need new infrastructures and management systems (e.g. biomass heat). Markets for renewable energy may need to be more differentiated and tailored than conventional mass energy markets (e.g. renewable heat cf. commodity gas), which may require alterations to fiscal and regulatory regimes. And, of course, such market creation has to be attractive and viable for new entrants compared to more established energy markets (e.g. favourable returns on investment, convenient energy services). So renewable energy governance will involve activities that appraise options, form commitments towards certain renewables systems, and that coordinate targeted interventions to realise system choices. Of course, such challenges are not unique to renewable energy, but are prevalent in governance more generally.

Implicit in any governance strategy for implementing (policy) objectives is the way many important details need to be negotiated and (re)formulated with others further down the line (Hill and Hupe, 2002). As such, 'governance involves building consensus, or obtaining the consent or acquiescence necessary to carry out a programme, in an arena where many different interests are in play' (Hewitt de Alcántara, 1998: 105). Whilst such bargaining and coercion is also true of longer-standing, state-centred views of policy-making, it is useful reminder that any managerial gloss implied and applied through the term 'governance' can soon reveal very political dimensions.

Governance challenges: networks, interests and discourse

In governance, dynamic and sometimes transient networks, partnerships, soft measures, as well as harder policy instruments, emerge as preferred modes of steering

and coordination in the realisation of policy objectives (Stoker, 1998; OECD, 2002; Hajer and Wagenaar, 2003). As we saw in the preceding section, promoting renewable energy in the regions, just like promoting it locally, nationally and internationally, can be conceived as a governance challenge. The challenge is pronounced because renewable energy touches upon other policy domains - land use; economic development; housing; training and skills; industrial policy – and needs to enrol actors from each, whilst building links between the disparate institutions in these domains in order to align strategies favourably.

The closely aligned literature on policy networks maintains that state actors continue to hold an important facilitating position (Marin and Mayntz, 1991; Hoff, 2003). Networks build up around the government ministries formally responsible for a policy sector. It is through these networks that policy gets formulated and implemented (Marsh and Rhodes, 1992; Smith, 2000; Rhodes, 1997). The state retains an important role. Yet one of the features of a governance perspective for renewable energy systems is that it cuts across policy sectors, public-private institutional boundaries, and state jurisdictions. This implies multiple state agencies will be involved alongside an array of wider commercial and civil society actors, each with their own commitments. The development and steering of renewable energy systems is negotiated across a diversity of locations that effectively recalibrate the role of government in governance. Thus, if the *governance arena* is incomplete, in the sense that it fails to recruit key actors and institutions, then the renewable energy system will remain similarly incomplete, in the sense that it is unlikely to emerge because governance lacks the resources to make sufficient interventions (Smith and Stirling, 2006). According to this hypothesis, regional renewable energy partnerships that fail to recruit influential and resourceful actors amongst their membership will struggle to achieve any programme goals that implicate those utilities (see later).

Governance, especially when emphasising partnership and consensus, provides a friendly gloss over what are, in practice, often highly contested and political projects (Hewitt de Alcántara, 1998). Whilst governance is about being 'able to arrive at shared problem definitions and to agree on common paths of problem resolution' it contains a considerable amount of conflict resolution work within it (Hajer and Wagenaar, 2003: 11). Bob Jessop's definition of governance points to why this is so. Governance is:

> '[the] self-organized steering of multiple agencies, institutions and systems which are operationally autonomous from one another yet structurally coupled due to their mutual interdependence.'
> (Jessop, 1998: 29).

This definition is helpful because it highlights a formative source of dynamism in governance processes, which is the tension between interdependence and autonomy. Whilst actors, institutions and systems must continually coordinate in order to achieve an objective (interdependence), each will also wish to retain sufficient autonomy for them to influence the outcomes favourably. In the related context of policy networks, Wilks and Wright (1987: 4-5) note how, 'Each player's room for decisional manoeuvre on an issue is constrained by the material and intellectual resources available to him, appropriate to that issue and which he is prepared to use, and by those possessed by other players, who may perceive their own interests differently'.

Possessing key resources helps one wield influence in governance, but only to the extent that other resourced actors are persuaded or compelled to continue their engagement accordingly. The basis upon which resources are exchanged – be they financial, economic, technological, authoritative, legal, knowledge, organisational, legitimising, etc – requires the building of trust and the negotiation of informal and formal rules of the game amongst participants (Hajer and Wagenaar, 2003). Yet because resource interdependencies need not be symmetrical, indeed often they are not, the basis for negotiating rules of exchange, or forming common views and strategies, takes place under power relations (Rhodes, 1997).

These general observations from governance studies reveal why renewable energy governance cannot simply be a managerial task in which one surveys and reconfigures the operation of an external 'object' (the energy system). 'Various groups of people conceive of the world in different ways' (Hajer and Wagenaar, 2003: 11). Not everyone approaches governance from the same starting position. Different actor framings will perceive the 'object' and its boundaries differently. The primary concern for someone involved in training plumbers, for example, is the skills set required for qualification into the trade, rather than a specific piece of technological hardware like solar water heating. A regional planner is concerned with national frameworks and consistent application of planning procedures. Renewable energy developers have their core competencies and marketing goals. Technology developers will argue for the inclusion of their technology in the prospective system sought by governance initiatives.

A primary task for governance is the negotiation of multiple purposes with respect to renewable energy, and around which activities can coordinate. Doing this requires important translation processes between different discourses in order to attain a common framing of the problem or task at hand. Participants in nascent renewable energy systems are also governance subjects that have influence over conceptualisations of the system to be constructed and interventions in its construction. As such, governance and its 'object' to be governed are inter-subjectively negotiated: governance arenas and renewable energy systems are 'co-constructed' (Smith and Stirling, 2006).

However, whilst the regional level might be a new domain of governance activity with respect to renewable energy, it is not emerging into wide open terrain, where anything is possible. The regions have a geography and socio-economy that structure the renewable energy options available, and led greater or lesser credibility to certain narratives about the best ways forward. Each region is also subject to national strategies that has a strong bearing on the possibility space for regional renewable energy options (see later).

So one of the first tasks for any governance initiative is to identify and define pathways towards the credible renewable energy systems of interest to the region (Kemp and Loorbach, 2006). Should regional actors devote scarce resources to promoting wind energy, marine energy, biomass, solar power; or a portfolio of options that accommodates different problem framings and solutions? Which offer the most potential for inward investment; make sense given existing resource endowments, or build upon regional socio-economic strengths? These are the

practical questions which governance processes must address. How do we establish these kinds of renewable energy systems to promote? How to ensure markets develop in step with these systems? What regulations need to change? Which material, intellectual, social and economic resources are needed to construct this renewable energy system? What is the best strategy for mobilising and coordinating those resources? Who should be involved, and how do we enrol them? How to define and monitor progress? Such are the practical challenges confronting the regional level as it emerges and develops renewable energy governance.

Summarising the discussion so far, governance processes involve the interrelated *challenges* of establishing renewable energy discourses; building resourceful actor networks; and negotiating activities between different interests (Keeley and Scoones, 2003). These challenges are interrelated, in the sense that network maintenance is built upon negotiated framings of problems and tasks, which are influenced by discourses that reflect and inform actors' perceptions of their interests, which are met through exchanges in networks, and so on. As such, soft measures in governance – sharing views, building networks, etc – attain a significance that underpins harder measures – implementing targets, making investments, reforming institutions.

Governance issues: co-ordination, steering and accountability

The above challenges raise *issues* for the practice of regional renewable energy governance. These issues can be captured under headings of co-ordination, steering and accountability (Rhodes, 1997; Jessop, 1998; Stoker, 1998). How can governance processes overcome fragmentation between different renewable energy initiatives and networks, and ensure improved *co-ordination* between the multiple participants in each (whether actual or potential)? Co-ordination will involve ensuring sufficient representation of different discourses, intermediation of the various interests, and mobilization of resources through the formation of networks. It must also co-ordinate between specific renewable energy tasks and activities in other relevant policy domains.

In addition to improving coordination between actors and initiatives, how do government actors (ultimately responsible for policy) consciously *steer* the direction of these efforts towards the overall policy objective, trying both to keep track of efforts and keep each on track? Each actor has their own concerns and is involved in multiple decisions, and there is a real risk that the cumulative sum of these diverges from the overall policy objective, or effectively becomes the policy objective – the tail wagging the dog (Rhodes, 1997). Whilst it is impossible for government to direct at such a micro-level, it does wish to ensure such activities remain consistent with its 'strategic line' and that activity adds up to sufficient movement in the direction of policy objectives (Jessop, 1998).

The sheer complexity of the networks involved in renewable energy governance, and the fragmentation of responsibilities across organizations, can serve to erode *accountability*, simply because it is difficult to know who is accountable to whom and for what (Rhodes, 1997). A recurring theme in recent studies into regional governance for sustainability is a call for greater leadership, clarity of roles and thereby

accountability for (poor) progress (SDC, 2005; CSE, 2006). Yet some of the interdependencies identified above suggest that even the strongest leadership will have to operate through governance networks, and will need to bargain for compromises and bring coalitions with them, thereby blurring accountabilities and eroding leadership. Such complexities make it very difficult to predict policy outcomes in advance, and suggest such outcomes will inevitably stray from initial objectives (Jessop, 2003).

Figure 1 provides a schematic summary of the discussion so far and a framework for studying the regional governance of renewable energy. It illustrates how the *challenges* of discourse formation, network mobilization and interest intermediation relate to overarching *issues* of co-ordination, steering and accountability. Through this framework we can study the way regional governance initiatives have developed.

Figure 1: relationships between governance challenges and issues.
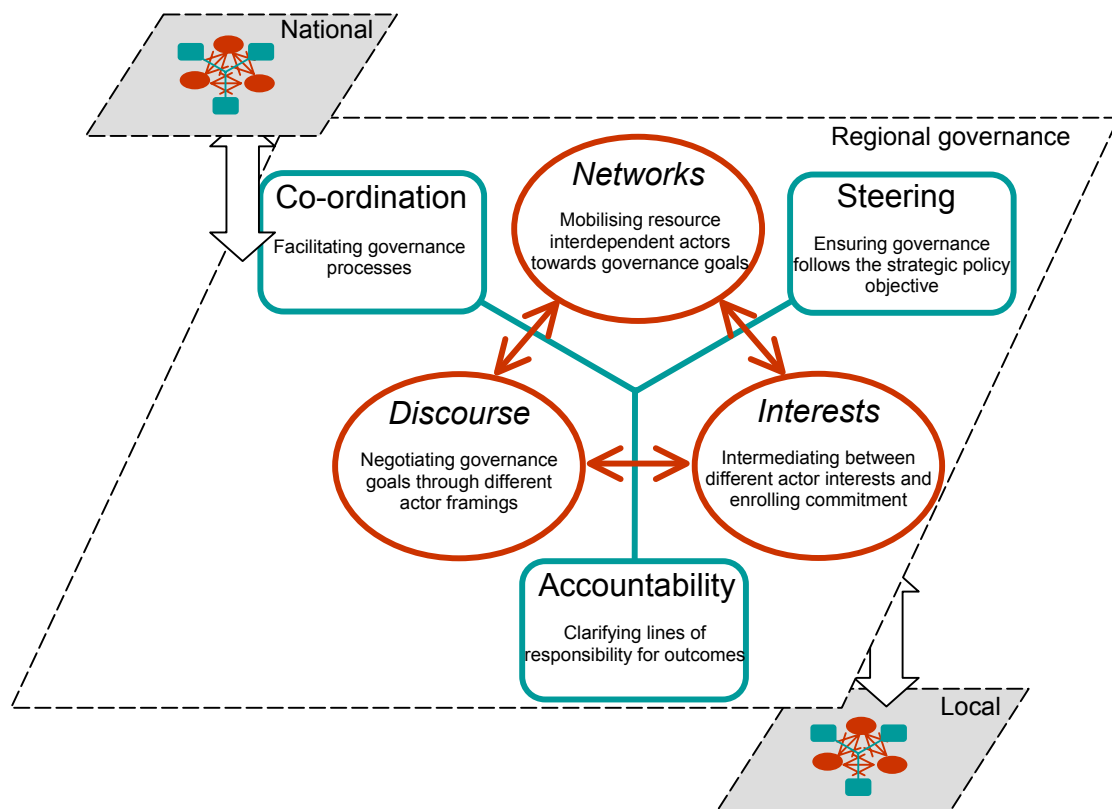
Notice that the policy objective in this case is for each English region to contribute to the realization of national renewable energy targets (notably, the headline target for 10% of electricity to come from renewable sources by 2010). Missing from the diagram is the desirable and important process of *learning* and reformulating policy objectives. Lessons could relate to better co-ordination, more effective steering, greater accountability, but they might equally extend to revisions to central government policy objectives. In the context of multi-level governance (MLG) (see below), learning can operate between levels. Indeed, one important lesson arising through regional governance in renewable energy has been a broadening of the central government remit to the regions, which now considers sustainable energy in the round

rather than just renewable electricity (i.e. extended to renewable heat and energy efficiency).

As mentioned in the Introduction section, regional governance is emerging between two existing layers of renewable energy governance and interacting with them. These are the layers of governance associated with central government and local government. Each complicates further the picture in Figure 1. In particular, questions around relative hierarchy and autonomy between governance levels, and how tense and dynamic tendencies towards each in multi-level governance (MLG) constrains and facilitates the development of regional level governance. The governance challenges identified above are general and apply across all levels. The issues of co-ordination, steering, and accountability become more pronounced in MLG, since these now operate between levels.

Multi-level complications: relative hierarchy and autonomy

The multi-level governance (MLG) literature organises general governance observations by stressing how spheres of authority (over policy) are distributed across different territorial levels (Bache and Flinders, 2004; Olsson, 2003). Much of the literature has been particularly prominent in studying relations between the European Union and different tiers of Member State governments (where MLG ideas first emerged) (Marks, 1992). In this respect it is sometimes unclear whether contributions relate primarily to multi-level *government* or *governance*, and suggests care must be taken to maintain the broader governance view outlined above (Smith, 1997). Given our primary interest in the emergence of a new level of *regional* governance between central and local levels, EU preoccupations in parts of the MLG literature are of limited relevance to the study here (see Box 1). More generic MLG concerns are significant to this study and are picked up below.

Box 1: European dimensions to the regional governance of renewable energy in England

The role of the EU and other supranational bodies is relatively fixed with respect to regional renewable energy governance. A set of Member State targets do exist for renewable energy, but there is no framework specifying which policy mechanisms must be used for achieving the target, nor sanctions if they are missed. More prescient are European rules relating to State Aid and liberalisation of energy markets, owing to the way they frame the ability of national and regional development agencies to subsidise and support renewable energy technologies and projects. However, from the perspective of regional governance these can be taken as given and there is little evidence of regional governance initiatives engaging with the European policy level directly.

However, some renewable technology developers of interest to regional initiatives do operate at the supranational level. Whilst doing business in the regions they are nevertheless headquartered in other countries, and their strategies and marketing are developed under considerations beyond the regional and national level. An interesting bottom-up development in the regions has been the way some Regional Development

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Agencies (RDA) have sought to pull down into their region existing international renewable supply chains and enjoy the economic benefits of (re)location in the region, e.g. component manufacture for wind turbines. This has required regional partners to circumvent the national level and lobby directly at the international level (e.g. trade fairs, visits to overseas manufacturers). Some regional bodies have also supported the participation of localities in European Union sustainable energy demonstration programmes, like the Concerto initiative (e.g. providing matching funds, endorsements, resources in kind). So, whilst in terms of government the European and international domain form a relatively fixed backcloth to regional governance; in terms of regional governance bringing in capital and knowledge there is a European dimension in certain cases.

Peters and Pierre (2002) argue that a defining feature of MLG analysis is that 'unlike traditional models of inter-governmental relationships, multi-level governance refers to connected processes of governance incorporating both public and private actors in contextually defined forms of exchange and collaboration' (6). Relationships between levels are considered to be fluid, negotiated and context dependant. Hierarchies are not presumed between actors, arenas, and institutions at different levels. However, neither should we presume all contexts are completely absent of hierarchy (Jessop, 2004). In this respect, existing institutions can play an important structuring effect upon MLG processes. They facilitate, shape and constrain governance both within and between levels. Institutional reform and change can be seen as a more enduring product of governance.

Thus a significant MLG concern of relevance to this study is questions about *relative hierarchy* and *relative autonomy* between levels (Marks and Hooghe, 2004). Do different governance levels operate in a nested hierarchy, in which each constrains the discretion and directs the effort of its subordinate level? Or does multi-level governance open up space for lower levels to experiment and develop more situated initiatives autonomously - perhaps even generating lessons for levels above? Indeed, how do certain actors and institutions operate across levels? Should the emergence of regional governance for renewable energy be conceived as the development of a new administrative unit for central government; or has it become a relatively autonomous sphere able to experiment with and develop governance, and thus become an intelligence unit for central government?

One view sees hierarchy persisting in new forms. Rather than signifying the 'hollowing out' of central government, MLG represents an exercise in overload reduction, permitting strategic state power to be regained through the controlled transfer of implementation to others (Rhodes, 1997; Bache and Flinders, 2004b). It is the state itself that is orchestrating the hollowing-out and retains the power to intervene. Consequently, MLG exists in the shadow of hierarchy (Whitehead, 2003). Mechanisms such as budgetary controls and performance criteria enable central control to be maintained over lower levels (Lee, 2000). Limited autonomy is earned and rewarded to those localities whose performance is audited to a satisfactorily high level, whilst being denied to levels in territories deemed to be performing poorly (Wilson, 2003). Under this view, regional governance for renewable energy relieves central government of some administrative burdens and allows it to focus on continuing policy development.

Jessop argues central government has to maintain a dominant strategic line through the tiers of regional and local governance (Jessop, 1998). Targets have become one of the key devices for achieving this in the UK context. Targets have emerged in many policy domains, including renewable energy, but often without clear indications as to how to prioritise between them. Exworthy and Powell (2004) found that targeted agencies respond by differentiating between: a) hard and soft targets (i.e. those with immediate operational consequences or not, such as the directness of relationship between target performance and future budgets or individual career trajectories), b) those that can be easily measured and controlled, and c) how targets relate to short-term policy measures (cf. longer-term aspirations).

Such differentiated and discretionary responses to new targets pose a classic challenge for central government steering. In order to retain control, central government must be able to configure the precise roles and relationships between actors at lower levels; something which the literature on policy implementation has long recognised as being far from straightforward for a combination of operational, contextual, and political reasons (Lipsky, 1980; Barrett and Fudge, 1982; Hill and Hupe, 2002). A contrasting view thus concedes that central government remains important in framing MLG, but decision-making competencies are increasingly shared and contested by actors operating at different territorial levels. Indeed, sub-national actors can operate at a variety of levels simultaneously, being involved in regional initiatives whilst helping develop policies nationally or forging directs links internationally. Governance arenas and policy networks are interconnected rather than neatly nested. Interdependencies can enable some parts of lower level activity to exercise a degree of autonomy, and permit flexibility and diversity in governance better matched to problems and 'action situations' (Ostrom, 2005).

There is probably no escape from the tension between the above two positions, and we should expect elements of hierarchy and autonomy in regional governance for renewable energy. These contradictory forces drive governance developments (Rosenau, 2004). As Hesse reminds us:

> 'advocates of decentralized self-guidance and control often fail to recognize that highly differentiated societies and pluralistic, fragmented institutional systems create a growing need for collective steering, planning and consensus building'
> (Hesse, 1991: 619; quoted in Rhodes, 1997: 195)

Alongside the devolution of decision-making and extensions to participation, emerge pressures to co-ordinate and steer developments centrally (even though capacities to do so can be limited) (Pierre and Stoker, 2002). Regional studies debate the degree to which 'regions have merely become useful conduits for the delivery of central government policies and targets or whether they have emerged as venues for promoting a more holistic approach to strategy making' (Ayres and Pearce, 2005: 584).

Such ambiguities are present in the 2003 Energy White Paper, which notes how the regions forms an important governance level, but is unclear on just how much autonomy this entails.

'We will rely on local authorities and regional bodies, working with the private sector and voluntary groups, to help to deliver real change on the ground, reflecting the needs of their different communities.'
(DTI, 2003: 17)

Significantly, this can be interpreted either as central government relying upon lower level bodies to deliver overarching objectives, or recognition that lower levels can help formulate objectives in tune with the regional situation. This relates back to the earlier point about influence over defining policy objectives. It opens questions about how renewable energy governance has been made amenable and sensible to the regional level by changes in national policy, which already exercises some governance functions, but which sees the regions as fulfilling a potentially significant augmentation role.

The extent and pattern to which central government attempts to steer or co-ordinate regional governance is clearly significant for developments in the latter. Analysing New Labour's first term devolution of limited powers to the regions and localities of England, Gerry Stoker argued the institutional forms this took were 'in part deliberately designed to be a muddle in order to both search for the right reform formula and create a dynamic for change by creating instability but also space for innovation' (2002: 418). In other words, incoherence in regional governance arrangements can have a coherent rationale. An ambiguous MLG can be considered both problematic and beneficial. Central government may be deliberately vague about how the regions should develop their governance for renewable energy, because the centre has no strong views, and wishes to see what works effectively. Following Stoker's argument, one feature needed to turn the 'muddle' to advantageous effect are processes for continually *learning* and reforming governance structures and processes in the light of experience:

'Experimentation will work at its best where the system develops an extensive capacity to learn about what works and a capacity to spread best practice.'
(Stoker, 2002: 433).

According to Stoker this potentially beneficial dynamic under MLG is only really open to those with 'substantial formal power' (2002: 421-422). In other words, whilst a 'fatalistic' environment is being created for subordinates (i.e. situations of flux and uncertainty to which they must adapt) only higher tiers of government retain power to act upon consequential outcomes. Whilst a variety of governance forms are launched and encouraged – e.g. bidding partnerships, multi-actor area strategies, or public engagement techniques – central government takes the lead role in setting the agenda for this experimentation and deciding what to do with it.

It is debatable just how far this requirement for 'formal power' is filled automatically by central government - even though well-established power-dependency relations exist between central government and lower tier governance. Rhodes (1988) reminds us, in the context of central-local government relations, how this interdependency is never between equals. 'The relationship is asymmetric: the centre can unilaterally pass an Act changing the relationship. There is a recurrent tension between this capacity for authoritative decision-making by central government and the

interdependence of centre and locality' (Rhodes, 1997: 114). In many policy areas, whilst central government can set objectives and legislate, successful implementation depends upon the cooperation of delivery agencies at lower levels, like regional bodies, local administrative bodies (e.g. education or health authorities) and local governments. This can mean that 'central government does not have the power to command change in the direction it desires but it does have the capacity to drive national programmes of reform' (Stoker, 2002: 426). Obviously, the governance (cf. government) perspective complicates the interdependency further by reminding us that implementation is also dependent upon many non-governmental, private and civil sector organisations at lower levels (Stoker, 1997). These actors may operate at multiple levels and be subject to their own hierarchies, e.g. a regional electricity distribution network operator can be the unit of a multi-national energy utility with its own strategic priorities whilst also regulated by national frameworks.

Recalling the general discussion of governance, neither central government nor regional bodies are monolithic in their relations with others. Each has its own departments with their own mandates, priorities, sub-cultures and networks. Each looks outwards to different MLG processes focused around policy domains and issues of concern to those organizational sub-units. Even the same organisation can be steered in its performance by multiple policy domains that do not set equivalent priorities and performance measures (Exworthy and Powell, 2004). Governance actors in a domain like renewables can be more familiar with the policies and activities of renewable energy specialists in other actor organisations, and at different territorial levels, than they are with colleagues working in the same organisation.

Interesting hybrid articulations and dislocations can emerge between overarching organisational priorities and priorities established through partnerships in governance domains. However, such outward-looking, problem-focused partnering is not unconstrained. Hudson and Hardy (2002) identify how effective partnerships require open recognition of resource interdependencies, enjoy high level support, spread throughout constituent organisations, and that partners have equal status. This can be difficult for organisations whose budgets and performance measures are tight and necessarily have to be devoted to organisational priorities with little slack for extra-organisation working. In reaching a common vision, partners have to negotiate their 'different organizational cultures, policy styles, finance structures and modes of accountability' (Exworthy and Powell, 2004: 268). Actors are bound by their organisational commitments and 'people bring their own institutional expectations and routines with them' (Hajer and Wagenaar, 2003: 9). In addition to the intermediation of material interests (figure 1) governance must try and align organisational priorities.

So policy relevant competencies and capabilities remain distributed beyond the centre, within public, private and civil society organisations. Just as governance recognises that policy emerges through the way these asymmetric interdependencies are negotiated and contested, so MLG adds a distinctive focus on their territorial dimension. Whilst many actors can participate in regional programmes, not all have influence on the framework for those programmes (Peters and Pierre, 2004). National government departments, regulatory bodies, and multinational energy utilities and technology developers still play an important gate-keeping role and can marshal resources unavailable to others (e.g. R&D budgets, capital investments, regulatory

frameworks). Structured inequalities persist. So whilst multi-level *dialogue* might be common, truly multi-level *governance* might occur relatively less frequently: 'All, or the vast majority, of agencies in a given policy area might be consulted, but not all will exercise decision-making influence. An excessive focus on the numbers of agencies 'consulted' can lead to an underestimation of the underlying power of central agencies to utilise their considerable resources in shaping policy outcomes' (Wilson, 2003: 321). One must consequently take care not to confuse regional activism in renewable energy for regional influence over renewable energy.

As inter-organizational complexity and institutional hybridity increases with MLG, so lines of accountability become both more baroque and less clear-cut. 'Fragmentation erodes accountability because sheer institutional complexity obscures who is accountable to whom and for what' (Rhodes, 1997: 101). This raises concerns for democratic accountability and the emergence of new forms of legitimacy (Bache and Flinders, 2004b). Elected representatives in government at all levels are less central to the delivery of services than in the past, replaced by multi-level partnerships between government administrators, quangos, private sector and voluntary organisations. And yet, whilst policy-making moves, conventional democratic oversight stays still (Olsson, 2003). Accountability, where it exists, can often refer to levels of government different to the territorial level at which the partnership operates, e.g. regional agencies (like RDA boards) appointed by and accountable to central government departments rather than regional citizens (Wilson, 2003). Inclusion based around representative democracy may not be adequate, and will need complementing more directly and imaginatively, in devolved, multi-level governance (Humphrey and Shaw, 2004).

Within this issue are questions about the extent to which public management can tease apart the political-democratic element of governance (e.g. setting goals, priorities, instruments) from the managerial-delivery element (Peters and Pierre, 2002; Richards and Smith, 2002). Implicit here is a 'decisionistic' idea of how policy commitments are formed. That is, commitments to a course of action are struck at key decision points on the basis of appraisals (Smith and Stirling, 2006). MLG is an instance where this may not be so clear cut. Commitments *emerge* through interacting processes over time, not always co-ordinated, thus making it difficult to hold those commitments to account against any one defining decision-making instance and body. In governance situations policy outcomes emerge from a multiplicity of decisions rather than the strategic choice of government (Kooiman and van Vliet, 1993).

> '*The disparate actors who populate these networks find nascent points of solidarity in the joint realization that they need one another to craft effective political agreements. There efforts to find solutions acceptable to all who are involved (and to expand the circle of involvement) nibble and gnaw on the constitutional system of territorially based representative democracy*'
> (Hajer and Wagenaar, 2003: 3)

Hajer and Wagenaar (2003) consider legitimacy emerging through the realisation of interdependencies, shared problem-solving and shared responsibility for outcomes. Legitimacy becomes a vital, continually debated consideration in this view, and turns on the way governance processes are conducted rather than the accountability of any

17

one decision maker. But even if successful in this way, it remains different to democratic accountability.

These final points suggest that analysis of MLG structures must be accompanied by analysis of MLG processes (Bache and Flinders, 2004b). Constitutional and organisational changes that devolve powers must not be considered in isolation, but rather represent points that crystallize devolutionary forces and set in motion the subsequent negotiation and evolution of those powers. The importance of 'soft outcomes' becomes more significant. Whilst much harder to evaluate, non-tangible and longer-term benefits such as social learning, networking, and legitimacy are acknowledged as providing important procedural underpinnings for the implementation of harder instruments and delivery of outcomes, such as specific public policy programmes and targets.

Some analysts argue that use of the term 'multi-level' is superfluous since all governance networks, discourses and interests will be inherently multi-level (Welch and Kennedy-Pipe, 2004). Superfluous or not, the term does remind us how regional attempts to deal with general governance challenges operate in a context constrained and facilitated by other governance levels, and where the dispersion of political control, complex interdependencies, and overlapping jurisdictions and competences are defining concerns (Pierre and Peters, 2000). Methodologically speaking, the presumption in this project is that much can be revealed about regional governance challenges and issues by considering how this new tier is emerging and seeking to establish itself between existing levels of governance (and which also develop through that interaction).

Summing up: a framework for analysis

This working paper has presented a long and wide-ranging discussion of governance and multi-level governance. Insights from MLG suggest that interactions across levels will influence the capacity to move toward renewable energy systems at the regional scale. In the context of urban sustainability, Bulkeley and Betsill write, 'Taking a multilevel governance perspective entails engaging with the multiple tiers of government and spheres of governance through which urban sustainability is being constructed and contested' (Bulkeley and Betsill, 2006: 48). Applied to the regional governance of renewable energy, MLG would consider how all levels frame and reframe activity at the regional level and, consequently, can have an impact on policy success in the region (see also, Cowell and Murdoch, 1999).

However, the Sussex study has a subtly different concern and takes a different approach. It is concerned with the *emergence of regional governance* for renewable energy (cf. renewable energy initiatives aggregated at the regional scale). Regional governance – i.e. the development of regional renewable energy discourse, the formation of regional networks, and the commitment of interests in the region – is studied as it develops in interaction with other governance levels. What Bulkeley and Betsill remind us is that the ensuing regional governance level will not be the sole determinant of renewable energy deployment. Evaluations of renewable energy performance must bear this in mind, whilst recalling how the networked, multi-level and negotiated production of outcomes can make predictions extremely difficult (Peters and Pierre, 2004).

As regional governance develops, so it is likely to confront the generic issues identified in this literature review. Appreciation of these general issues can help us put the details of the case into context and help us understand the dynamics of development of regional governance for renewable energy.

Summarising the discussion and helping orientate our analysis, several themes emerge that help orientate this inquiry into the development of regional governance for renewable energy:

1. Realising renewable energy governance is a *challenge* requiring …
   - The formation of discourses that facilitate interactions and resource exchange
   - The mobilisation of resource interdependencies through actor networks
   - The intermediation of different material interests and organisational priorities

2. These challenges raises three key *issues* …
   - Co-ordination between networks, discourses and interests
   - Steering towards a strategic policy objective
   - Accountability for activities and outcomes

3. Regional governance emerges into a *multi-level* setting, which …
   - Creates a tension between relative hierarchy and relative autonomy
   - Has an ambiguous diversity with the potential to generate governance lessons
   - Develops in interaction with existing institutions in ways that complicates accountability

Given the MLG discussion, we can expect an enduring interplay between hierarchy and autonomy to appear prominently in regional renewable energy governance. It is the national level that negotiates important frameworks for renewables (e.g. market rules for energy trading, the operation of market-based support for renewable energy, capital subsidy schemes, connection rules for electricity networks, R&D programmes). Regional governance can nevertheless augment and work within these national structures, or perhaps even push against them and seek change. The regions do, for example, provide support that helps actors take full advantage of existing national frameworks; and some regions have exploited niches or gaps beneath national frameworks that have a clearer regional dimension and do permit regional market creation, such as biomass supply networks or regional R&D centres. The point, however, is that these are still done with reference to national structures and processes that constrain regional autonomy.

Ultimately, it is the local level that retains decision-making power with respect to specific renewable energy projects (e.g. land use planning decisions). Local planning committees retain discretion within national and regional planning guidelines for renewable energy. Regional renewable energy initiatives can seek to engage with the local level and influence attitudes, such as training programmes and site visits aimed at familiarising local planners and councillors, but the decision ultimately remains local. Whilst local decisions can be called in for review by central government, any regional steer has to be seen to apply reasonably to that local circumstance. Thus when it comes to delivering regional renewable energy ambitions there might be

constraints on the degree to which the region can do this hierarchically upon the local level, given the levers available.

It is into these national and local contexts that the regional level of governance has emerged. The literature discussed in this working paper has provided a framework for analysing that emergence and development.

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